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LAST ISSUE

Latin America

FBIS-LAT-96-135
Friday
12 July 1996

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Daily Report
Latin America

FBIS-LAT-96-135 *12 Jul 1996*

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Cuba

Cuba: Castro's Remarks on Defectors Highlighted

PA1107171396 Havana PRENSA LATINA in Spanish 0949 GMT 11 Jul 96

[FBIS Translated Text] Havana, 11 Jul (PL) — Cuban President Fidel Castro has described athletes who defect as traitors and asked the Cuban delegation to the Atlanta Olympics to think of the fatherland and the people who admire them.

On Wednesday, Castro held a ceremony to present the flag to the Cuban delegation comprised of 170 athletes who will participate in the 100th Olympiad in the United States in which it hopes to retain fifth place among the competing countries, a rank it achieved in Barcelona.

Let us vindicate the honor of sports. The flag we present to you today signifies the fatherland, dignity, valor, heroism, and honor, and it will be your duty to return this flag filled with glory and undefiled, Fidel Castro emphasized.

Two boxers and a baseball pitcher recently deserted the Cuban Olympic team and asked for asylum in the United States.

Castro described individuals who follow that path as mercenaries and Judasses, who, moved by ambition and deceit, sold out for 12 coins and stuck a knife in the back of the Cuban people, who had offered the ahtletes their admiration.

Castro commented that persons who buy out athletes from another country do so because they cannot defeat Cuba in a fair competition, and they "want to beat us by investing millions" to deprive Cuba of its medals and victories.

The athlete traitor not only wounds the most sensitive fibers of our country, but also encourages the enemy, who wants to destroy us, harasses us, and increasingly strengthens its blockade against us.

More than gold, silver, or bronze medals, what interests us most are moral medals and the honor of our athletes; more than the development of the body's muscles, the development of the body's soul," Castro added.

One strategy to defeat us is to deprive us of our best athletes, because they know that they cannot defeat us otherwise, Castro indicated.

Fidel Castro said that this strategy reminded him of the strategy used during the first years of the Revolution to try to leave Cuba without doctors. "We had 6,000 doctors, and they took 3,000 of them. Now, we have 60,000 doctors," Castro emphasized.

It is not the U.S. citizens, but the empire that hates us — the "corrupt and corrupting" system of that country, which has the wealth to commit injustices, Castro said.

Castro added that these are not normal Olympic games,but an event in which the athletes have to compete against the troublemakers that dazzle them with displays of wealth accumulated by exploiting the world.

We could not have the athletic movement that we have achieved based on money; it is based on morality, patriotism, and integrity, Castro continued.

We have many examples of great Cuban athletes who never sold out, Castro added. He mentioned boxer Teofilo Stevenson and baseball player Omar Linares, both of whom were Olympic champions.

Cuba spends 115 million pesos each year to finance sports by supporting 100 sports schools with an enrollment of 24,000 students, and 32,000 working teachers.

Fidel Castro said the youngsters study in those schools without distinctions with regard to race or social status because, the Cuban Government has ordered the possibility of equal opportunity in sports for the entire population.

The Cuban people, who have expressed their sympathy and admiration toward these athletes, have the right to expect exemplary, integral, and patriotic conduct from their athletes, Castro concluded.

Cuba: Commentary on Defected Athletes' 'Miserable Treason'

PA1107230496 Havana Radio Rebelde Network in Spanish 1700 GMT 11 Jul 96

[Commentary by Orlando Contreras; from the "National Radio News"]

[FBIS Translated Text] In the world of commerce, all merchandise has a price. During the times of slavery, a slave was another commodity and was auctioned off in the slave market. To justify this monstrosity, various ideologists at the time denied the slaves' human condition. There was a rationalist philosopher who stated that Indians and blacks had no souls, that they were animals rather than human beings; and, therefore, there should be no moral reproof in selling them and making them work like animals, because that is what they were.

As you know, this changed in capitalism, not due to a moral imperative, which there also was, but due to the development of the forces of production. A steam machine generates much more power than the

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strongest slave. Its upkeep is cheaper, it has much more productivity; and, in addition, it does not think, it does not rebel, it is an object. Therefore, it was much more profitable to buy a work force of legally free men and get their appreciation.

Times have changed but, in the ideological reference of the system, there came the concept that every man has a price; it is a matter of finding it. This is not only a phrase in the mobsters' world; it is part of a culture. In the case of the miserable treason of certain sportsmen, the contract of the purchase and sale mechanism worked, and they were bought like cattle in a rich stable. A man without dignity and without honor is worthless even if he drives a BMW or Mercedes Benz.

Just as the belief that every man has a price is the ideological and cultural essence of capitalism, the conviction that dignity and honor are not negotiable is part of our Cuban culture, from Marti and even before him, down to the time of Fidel. In the Cuban people's beautiful tradition of struggle, treason inflames the anger of those who do not surrender rather than discourage them. This is the spirit with which our dignified athletes will travel to Atlanta.

In the banner-awarding ceremony held with our Olympic delegation yesterday, Fidel warned our athletes about the pressure that will be exerted on them in the United States, by the traffickers who put a price on a man's honor and dignity. The repudiation of treason is part of our national characteristic, a product of our history and our culture; and, as such, it is also part of the scale of values for the best in a human being in all latitudes. Even those who buy scruples and honor do not respect those who are for sale. The well-known phrase "Rome pays traitors but despises them" transcended the empire at the beginning of our era, in order to embody the essence of the stigma at all times.

Cuba: Ministry Waiting for U.S. Decision on Hijacker

PA1107204896 Havana PRENSA LATINA in Spanish 1641 GMT 11 Jul 96

[FBIS Translated Text] Havana, 11 Jul (PL) — The Cuban Foreign Relations Ministry said today that Cuba is still waiting for action to be taken by the United States regarding the hijacker of a cargo and passenger airplane, who is currently being interrogated at Guantanamo Naval Base.

Foreign Ministry spokesman Miguel Alfonso said during his weekly news conference that Havana has taken note of the verbal condemnation issued by Washington regarding Sunday's hijacking, but that Cuba demands that the migratory agreement signed by the two countries be respected.

These agreements establish that any person using illegal means to enter the mentioned naval base with the intention of entering the United States should be turned over to Cuban authorities.

Alfonso added that it would be difficult to imagine an act more contrary to the security of civil aviation than that carried out by the hijacker who used a weapon endangering the lives of the crew and passengers.

The nature of Washington's decision will either encourage or discourage illegal migration and airplane hijackings, Alfonso stressed.

Asked about the sanctions imposed by Washington on Canada's Sherrit Company in accordance with the Helms-Burton law, Alfonso replied that the Foreign Relations Ministry has grounds to believe that the Sherrit company knows its operation in Cuba is in keeping with Cuban and international laws.

In conclusion, Alfonso announced that a date has not yet been established for the verbal trial of financier Robert Vesco, under investigation for illegal activities and possible ties with foreign information organizations.

Cuba: Robaina Demands Hijacker's Return Without Conditions

PA1107204696 Havana PRENSA LATINA in Spanish 1832 GMT 11 Jul 96

[FBIS Translated Text] Havana, 11 Jul (PL) — Cuban Foreign Minister Roberto Robaina said today that Cuba will accept no conditions for the U.S. Government to return the hijacker of a cargo and passenger plane, because the absence of conditions is part of the signed migration agreements.

Speaking for local and foreign correspondents, Robaina said that the reported interrogation of the hijacker at Guantanamo Naval Base, where the man took the hijacked plane on Sunday, is taking longer than expected.

"In incidents like this, there cannot be any mechanisms according to which they will hand him over if we do this or they will not hand him over if we don't do that. Migration agreements and UN regulations would be violated. In addition, such a position would show U.S. authorities' complicity and passiveness," he said.

Robaina pointed out that Washington has no grounds to pass judgment on anybody, since the incident occurred in Cuba and not in the United States. He admitted, however, that his country will refrain from going ahead and taking action because an official White House

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announcement regarding the incident has not yet been made.

Asked whether the penalty for hijacking would be death if the hijacker is handed back, he replied: "The sentences pronounced here correspond to the regulations and laws valid in our territory. Similarly, the norms that apply are to be administered by Cuban, not U.S., authorities.

Later, Robaina referred to the Miami-originated threats of a new raid by ships and planes of Cuban airspace and territorial waters next Saturday.

We remain determined to defend our sovereignty, airspace, and waters as necessary, as the organizers of this show and their supporters surely know, he said.

He went on to say that this should never be interpreted as a Cuban threat and that it will be necessary to wait and see whether this will be a maneuver in international waters, in which case Cuba would not at all be interested.

Anyway, our waters and airspace will be defended on 13 July, as usual, flotilla or no flotilla. We have elected to report this plan ahead of time to see whether the U.S. Government will permit these provocations, he said.

Regarding the application of the first penalty on the Canadian enterprise Sherrit, the minister criticized the enforcement of the Helms-Burton law on foreign enterprises.

That law has nothing good for Cuba and the rest of mankind. What happens to us today can affect another country in the world, he said.

Robaina said it would be interesting to know if other countries are willing to have these sanctions applied on them. He added that, after the Helms-Burton law came into effect, Cuba and other countries understand each other better, because they suffer in their own flesh what Cuba had to suffer for 37 years.

Cuba: Ministry Spokesman on Hijacking, Planned Flotilla

PA1207033296 Havana Radio Havana Cuba in Spanish 0000 GMT 12 Jul 96

[Report on news conference held by Foreign Ministry Spokesman Miguel Alfonso by Barbara Betancourt in Havana on 12 July — passages within quotation marks recorded]

[FBIS Translated Text] Foreign Ministry spokesman Miguel Alfonso has announced the upcoming normalization of relations between Cuba and Paraguay.

[Alfonso] "Indeed, we are going to begin with the process of normalizing consular relations. Foreign Minister Roberto Robaina will go to Asuncion early next month to make the resumption of consular relations official and formal, heeding an invitation by his Paraguayan counterpart."

When asked about what Cuba is doing with regard to the hijacker of the Cuban civilian airplane who is still being interrogated by U.S. authorities, Alfonso noted that Cuba is awaiting the actions the U.S. Government makes on this case.

[Alfonso] "I have already said that we have noticed the verbal condemnation for this act of piracy and hijacking of an airplane in mid-flight. I think it is difficult to imagine an action more at odds with the safety of civilian aviation, I repeat, civilian aviation, a regular passenger flight, a normal flight, covering its route, in mid-flight. I repeat, it is difficult to imagine something that is more detrimental to the safety of civilian aviation. This is a clear fact, but we do not know what will happen. The last information we received was that the questioning of Mr. Fernando Pupo was continuing. We do not know what practical measures the United States will adopt.

"I reiterate that Cuba is awaiting what practical action the United States will adopt on this matter, as it is certain that this topic will in one way or another encourage or discourage illegal immigration and hijackings. What is clear is that two existing immigration accords were clearly violated by this incident."

Alfonso also discussed the topic of the so-called flotilla that Miami-based counterrevolutionary groups have announced they will conduct this Saturday.

[Alfonso] "What I can tell you is that we are convinced that an incident on this matter is not in the interest of Cuba. I choose to believe it is not in the interest of the U.S. Government or the region either. Along those lines also, I can tell you that in view of this possibility, it is necessary to reiterate what Cuba has said. Cuba will not tolerate a violation of its sovereign space, either by air, sea, or land, and it is prepared to take all the measures that may be necessary. I repeat, all necessary measures will be adopted to prevent a violation of Cuban territory. That is an elementary duty of any government."

He was also asked to comment on the implications that carrying out the flotilla and the recent hijacking of a Cuban civilian airplane could have on the analysis the UN Security Council will soon make on the conclusions by the International Civil Aviation Organization of the 24 February incident.

[Alfonso] "There is something more difficult to ensure than civilian aviation on a regular flight, not light airplanes flying over there, doing illegal things, in

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a regular flight [sentence as heard]. That is what happened. This constitutes, therefore, an element of reference if the Security Council wants to know what is the true U.S. stance with regard to matter. The same thing happened with Mr. Basulto's license. In a few months, it seems he will be authorized to fly again thanks to a recent ruling. How is one to understand the concern over civilian aviation when incidents of this nature are condoned?

"With regard to the airplane's hijacking, there is no doubt, it is a well-known fact. A Cuban civilian airplane was hijacked at gunpoint, jeopardizing the lives of crew members and passengers, as Mr. Burton [not further identified] said. All these things constitute elements of reference if the Security Council wants to reach a true solution. That is why I would answer your question that way. All these things constitute certain elements that may have influence on the Security Council's debate and should have an influence."

During his regular meeting with local and foreign reporters, Alfonso announced the upcoming visits by the foreign ministers of Namibia and Burkina Faso, as well as by the mayors of the cities of Pasadena, California, and Rotterdam, the Netherlands.

Cuba: Canadian Firm Said To Continue Business in Nation

PA1207021096 Havana Radio Havana Cuba in Spanish 0000 GMT 12 Jul 96

[From the "Evening Information Review"]

[FBIS Translated Text] The Canadian company Sherritt International Corporation said it will continue to do business in Cuba despite the reprisals announced by the United States, as foreseen in the Helms-Burton law. The U.S. Government decided to deny visas to the Canadian firm's executives and shareholders, including two British citizens.

Authorities in London protested to Washington about the measure adopted against two British citizens, given the extraterritorial nature of the anti-Cuban Helms-Burton law, which seeks to strengthen the blockade against the island.

The British Foreign Office reported it is in contact with the World Trade Organization, to which it submitted the case.

France also condemned the first measures adopted by the United States, regarding the Helms-Burton law's implementation, against the Canadian company.

Likewise, the Mexican Government urged U.S. President William Clinton to use his authority and suspend the enforcement of the Helms-Burton law's extraterritorial aspects.

Cuba: Consular Relations To Be Set Up With Paraguay

PA1107212496 Havana PRENSA LATINA in Spanish 1622 GMT 11 Jul 96

[FBIS Translated Text] Havana, 11 Jul (PL) — It was officially reported today that Cuba and Paraguay will establish consular relations in August.

Foreign Relations Ministry spokesman Miguel Alfonso said the agreement will be signed early next month during Foreign Relations Minister Roberto Robaina's visit to Paraguay.

Alfonso pointed out that this would initiate the process of the formalization of the relationship between the two countries.

The spokesman said that Minister Robaina's trip to Asuncion comes in response to an invitation received from the Paraguayan Foreign Relations Ministry.

Cuba: Lage on Government Review of Construction Ministry

PA1107175996 Havana Radio Rebelde Network in Spanish 1700 GMT 6 Jul 96

[From the "National Radio News" program]

[FBIS Translated Text] Carlos Lage, executive secretary of the Council of Ministers, has said that efficiency is key to the country's ability to fund its own construction needs.

Lage noted in a government review of the Ministry of Construction [Micons] the principal obstacles that Cuba faces on the road to economic recovery, in light of the Helms-Burton law and granting of short-term loans on very strict payment conditions.

Today's GRANMA cites Lage on the government review confirming that Micons leaders and workers have responded positively to Fidel's criticism of the construction sector in December 1995:

— production figures during this semester were 39 percent higher than last semester,

— the number of completed projects has increased,

— and monthly per capita production has risen 250 pesos.

Lage also pointed out that figures in the government review show just how far we are from actually achieving our goals, citing productivity as an example: He reported

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that while monthly per capita production averaged out at 1,379 pesos in 1979, it currently only amounts to 863 pesos.

Lage also discussed the need to overhaul and update the investment process and dedicate more time to planning rather than completing projects, which is not how things work in Cuba as a rule. Lage said that current circumstances make employment a complex issue and that any decisions on reorganizing or downsizing the labor force must be carefully considered.

Construction Minister Juan Mario Junco stressed that the government review and criticism is quite useful and that efforts will be made to solve problems on several different fronts by year's end.

Cuba: Commentary Notes Review of Construction Ministry

PA1107183196 Havana Radio Rebelde Network in Spanish 1700 GMT 6 Jul 96

[Commentary by Orlando Contreras; from the "National Radio News" program]

[FBIS Translated Text] Developing countries as poor and as driven as ours are always searching for the resources they need to grow economically; more to the point, capital investment is crucial to our economic growth.

There are three basic ways to obtain these resources:

1. Domestic Savings — Poor countries have little in the way of domestic savings — that is, what is left over when you subtract consumption from production — which is why they are considered poor. Even though reduced consumption would lead to savings, such a reduction in poor countries is limited by society's essential needs. For instance, Cuba's already diminished domestic consumption cannot be reduced even further. The first conclusion that we might draw is that domestic savings is limited in poor countries, precisely because they are poor, despite the greatest sacrifices that might be made to spend on only essential needs.

2. Foreign Loans or Credit — Our country, suffering from a blockade and still carrying on a colossal struggle for economic recovery, does not have access to long-term foreign credit and standard — not to mention low — interest rates for two reasons:

— the United States controls the principal international financial markets, which have imposed a blockade on Cuba for over 30 years;

— and Western banks and enterprises that could give us credit to access the international markets are not doing so because we have not been able to pay the interest on a heavy debt and because there has not been an agreement to renegotiate this debt, which amounts to approximately $9 billion.

3. Foreign Investment — Foreign investment, in compliance with Cuban law, is the third way to obtain resources. Cuba has gone as far down this path as circumstances in the world today will allow. The Helms-Burton law clearly has a coercive effect upon many potential investors. While Cuba was able to secure loans for several essential needs during the current harvest, they were short- term loans that had to be paid soon and at very high interest rates. The only loans that we can get come at a price. This forces us to redouble our economic recovery efforts, including saving more, encouraging discipline in the workplace, and striving for efficiency and quality.

Carlos Lage, executive secretary of the Council of Ministers, has said that efficiency is key to financing the construction sector. He also noted that despite higher production figures registered in this sector during the first semester of 1996, productivity that had amounted to 1,379 pesos per worker in 1979 stands at only 863 pesos today.

It will be hard to leave behind the special period and truly grow with these production figures.

Cuba: Young Communists Leaders on Economic Fight

PA1107215196 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 8 Jul 96

[Report by Ruben Pino; passages within quotation marks recorded; from the "NTV" newscast]

[FBIS Translated Text] First secretaries of the Union of Young Communists [UJC] have closed their national conference in Havana City, following a week of vigorous debate:

[Pino] Approximately 200 participants, as well as ministers and specialists, identified priority issues in the country's economic fight, truly contributing to the conference's success. Victoria Velasquez, first secretary of the UJC nationwide, said that this is quite important to the organization and its work plan for this year:

[Velasquez] "No one has asked any dumb questions here; the only dumb questions were those that were never asked; they will have to wait for another meeting. We would do ourselves great harm if we were to file away our notes or did not review each one of the ideas presented here or share them with each of the hundreds of members and youths who trust us."

[Pino] Some participants commented on this issue:

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[Unidentified speaker] "We should implement strategies in each province and, as I said before, cover everything that we have learned here and not just keep it to ourselves. We must take it to every level in our municipalities, territories, and provinces.

[Unidentifed speaker] "We must relay these experiences to youths, general secretaries, and grass-roots members. We must take them to the community; that is our main objective. We must take it to the grass-roots level and, in that way, face each neighborhood's problems. We must remember that we are UJC members 24 hours a day."

[Pino] The organization's shared short-term goals were among other priorities that were broached:

[Velasquez] "We should be on the leading economic, defense, and political fronts. We must be prepared to face the great challenge that organizing the Youth and Students' World Fair — to be held in the summer of 1997 — presents to Cuba's youth. Let us close with an optimistic thought that our dear Fidel expressed during that historic 26 July in Camaguey, when he predicted [words indistinct] socialists; for those who fight there will always be a tomorrow. Thank you. [applause]"

Cuba: Holguin Works To Expand Water, Sewage Services

PA1107184596 Havana Radio Rebede Network in Spanish 1700 GMT 6 Jul 96

[From the "National Radio News" program]

[FBIS Translated Text] Holguin residents have played an important role in the water and sewage projects that are near completion in many Holguin neighborhoods.

Alcides Pino is one of the most crowded neighborhoods in Holguin. Its considerable distance from the city center and rough terrain make it harder to provide certain basic services, particularly water and sewage services, to the humble people who live there. It is not uncommon to hear comments like those heard there early this morning:

[Begin recording] [Unidentified speaker] [Words indistinct] the hill, at any hour of the day, before leaving for work. I must carry water to the house before I go to work.

[Unidentified speaker] I have lived on this hill for over 34 years. It is a very nice neighborhood, but the water problem has been a great headache. [end recording]

The solution to its grave water situation is near at hand for this neighborhood, as well as many others in Holguin. The joint efforts of the government and the province's political leaders can be seen in this community, which is now much more motivated having earned the right to host the 26 July celebration. The first 10 km of pipes will be installed shortly after the water tank is finished higher up the hill and after the ditches for the pipes are dug, over rough terrain and with only a few available tools. Rene Pena, a neighborhood delegate, confirms that the people's will prevails, nevertheless:

[Begin Pena recording] People will continue to work hard to meet their needs. [end recording]

Holguin residents these days often cite Fidel's remarks during the Moncada attack trial: We will not tell the poor here you go but rather there you go; fight now with all your strength until victory or death.

Cuba: 'All About Cuba' Multimedia Encyclopedia Developed

PA1107210896 Havana PRENSA LATINA in Spanish 0202 GMT 19 Jun 96

[FBIS Translated Text] Havana, 18 Jun (PL) — PRENSA LATINA introduced a multimedia encyclopedia on CD-ROM today, to satisfy the need for information on Cuba.

Pedro Rioseco Lopez-Trigo, chief of PRENSA LATINA's Multimedia Division, reported that the Center for Automated Systems Design (Cedisac) helped pull the CD-ROM together and that it will be available in English and Spanish when it goes on sale in approximately 36 countries at year's end.

"All About Cuba" [Todo de Cuba] will cover Cuba today and yesterday in newspaper format, which should make research as simple as possible.

Rioseco explained that the reader has direct access via main menu to any one of the 14 chapters or 135 subchapters on the CD-ROM.

Those who are currently using the encyclopedia have expressed the greatest interest in chapters on: population, history, politics, economics, education, public health, science and technology, sports, tourism, religion, cooking, and cocktails.

The CD-ROM includes 1,500 pages of text, 1,000 color photographs, 34 minutes of video recordings, and 100 minutes of audio recordings.

Cedisac Multimedia Chief Rafael Barrera Yanes advised PRENSA LATINA that anyone who wants complete access to the encyclopedia must have an IBM compatible computer with a 486 processor or higher, a VGA color monitor, and a quadruple-speed CD-ROM drive.

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Rosa Elena Simeon Negrin, Cuban science, technology, and environment minister, and PRENSA LATINA President Pedro Margolles attended the promotional presentation of "All About Cuba" held in Havana.

Haiti

Haiti: CEP President Discusses Electoral Calendar, Funds

96P20451A Port-au-Prince LIBETE in Creole 26 Jun-2 Jul 96 p 5

[LIBETE interview with Provisional Electoral Council (CEP) President Michel Sajous; place, date not given; first two paragraphs are LIBETE introduction]

[FBIS Translated Excerpt] According to the CEP president, elections for the Communal Section Assembly and City Delegates could be held in August if funds are found in June or early July.

LIBETE sat down with Dr Michel Sajous, Provisional Electoral Council president, to discuss the election date for the Communal Section Assemblies (ASEK) and the City Delegates (DV). According to several radio reports, Dr Sajous has said that the elections will take place at the end of September.

[LIBETE] You announced that the ASEK and DV elections will be held at the end of September. However, the CEP will never have the time to organize the Senate elections.

[Sajous] There is a necessary delay between setting up the Permanent Electoral Council and the elections. There is another delay for the territorial assembly elections. There is another problem in limiting the number of sections, which needs to be resolved. This is not covered in the constitution. Another problem is training: we need extensive participation, by candidates as well as voters.

[LIBETE] How is it that the territorial law was published several months ago, but the work on the elections has not progressed?

[Sajous] Let me go back. When we organized the presidential election, we wanted the Territorial Assembly elections to be held on the same day. Since that time, we have been asking for the law to be passed, but it hasn't.

[LIBETE] But the law was passed, published, and time has gone by. People say that CEP employees want to keep their jobs in order to get paid. Some senators are concerned because the calendar is not ready. Why isn't the calendar ready? [Sajous] I talked about this so many times. Every day I say that we cannot organize the elections without money.

[LIBETE] How much money does the CEP have? How much does it need?

[Sajous] There is no money coming in. I have taken steps to ask the international community and the government for funding. The Haitian Government has no money. The international community has some money it can give us. When they come to an agreement on the funding, conditions must be met. For example, U.S. funds must go through the UNDP [United Nations Development Program].

[LIBETE] Aren't all those conditions simply delaying tactics?

[Sajous] Not at all. I don't believe that [the international community] does not want the elections to take place. I recall that when the law was being dragged out, we said that when the money came there could be no more foot-dragging because conditions would have to be met.

[LIBETE] We could avoid conditions if we had government funding or a foreign account.

[Sajous] The reality is that our treasury is empty. Let's not talk about what could be, but what is. A lot of people are dreaming, talking about ideology. We must be realistic.

[LIBETE] How much will the elections cost?

[Sajous] Anywhere from US$3 million to US$3.5 million, if we do not waste money. However, we will have to let go surplus employees. We will only hire the number of workers needed to get the job done.

[LIBETE] Out of the $3.5 million, how much has the international community promised?

[Sajous] A little more than half.

[LIBETE] That means that the government will provide almost half? Has it already promised that money?

[Sajous] Yes. I talked to the prime minister. They are quickly getting organized in order to give the CEP the funds.

[LIBETE] When will the election calendar be published?

[Sajous] When we are convinced we have the money. If we don't have the money, and then are forced to publish another calendar, you know what will happen? The same people who are stirring things up will say: look, they're not serious.

[LIBETE] When do you believe that you will receive the final say that the funding is certain?

[Sajous] We are expecting international community and goverment funding at the end of this month.

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[LIBETE] So we can expect a calendar in early July?

[Sajous] If the funding is there. Until we hear definitively, we will not announce anything.

[LIBETE] It doesn't mean that the money will be in the bank, but that it is a sure thing, that they will sign a commitment?

[Sajous] Yes.

[LIBETE] Does the $3.5 million include unpaid salaries?

[Sajous] Yes.

[LIBETE] Supposing that funding becomes available at the end of June. Let's back up—Senate elections are in December. How much time do you need between the installation of the Permanent Electoral Council and the December elections? Five or six weeks?

[Sajous] Five weeks are not enough. Six weeks is cutting it close, if you include a campaign period.

[LIBETE] That means, that if the Senate elections take place on 15 December, the Permanent Council would be set up at the end of October. Given that timeframe, how long before that would the ASEK and DV elections take place?

[Sajous] Between the ASEK and Departmental Assemblies, four weeks will suffice.

[LIBETE] If the Departmental Assembly elections take place in October, the ASEK and DV elections would take place around 15 August.

[Sajous] No, that's not what we planned.

[LIBETE] So the elections would take place at the end of August, eight weeks after the calendar is published?

[Sajous] That's a conservative proposal.

[LIBETE] People are concerned because the Permanent Electoral Council must be installed at least six weeks before the elections. Otherwise the Senate elections cannot be held on 15 December, they would have to be held at the end of December.

[Sajous] But they have to be sworn in on 13 January. There could be no second round, and I think there could be a second round.

[LIBETE] Please explain the problem with the Senate.

[Sajous] We organized a fact-finding trip with Senator Sabalat (West) and Deputy Etienne (Grandanse) to Panama, Guatemala, and Dade County, Florida to study their electoral systems, particularly the electoral councils. It was so interesting that when I returned I recommended creating an office to allow the CEP and the National Assembly to work together on the elections. If someone were to tell me that he does not wish to meet with senators and deputies, I would not believe him. On 17 May I called the Senate and Chamber presidents to arrange a meeting. They agreed in principal, but could not agree on a date. Since then I have not heard back. On top of that, the Senate sent me a letter asking me to appear. I wonder, is that the way the Senate is supposed to do its job? [passage omitted]

[LIBETE note] On 24 June the CEP agreed to meet with the Senate.

Haiti: Editorial Urges Stronger Anticorruption Stance

96P20451B Port-au-Prince LIBETE in Creole 26 Jun-2 Jul 96 p 1

[Editorial: "A False Interpellation in Order To Cover Up"]

[FBIS Translated Text] Tolerating what should not be tolerated is a cover up that does not appear ready to come to an end in Haiti. According to the saying: "If there is no overindulgence, there are no thieves." Since Haiti is full of overindulgence, thieves and rapacious types abound.

Everyone is afraid to shoulder his responsibility to make order out of chaos when it is necessary. When the senate of the republic is afraid to dismiss a minister who is incapable of doing his job, the people ought to ask: Where is the authority over the executive branch that the constitution gives the parliament?

Several senators have loudly proclaimed that they will dismiss Public Works Minister Jacques Dorcean because he did not adequately manage the business of the Carrefour Road and the 200 public works cars that disappeared.

However, everyone who followed the interpellation of Minister Dorcean can say that the meeting was a joke. Minister Dorcean did not answer well most of the senators' questions regarding the repair of the Carrefour Road, the 200 ministry cars that disappeared, or how the ministry's nine departmental directorates are functioning. Several months before the interpellation, Jacques Dorcean kept saying that out of the US$20 million Taiwan gave Haiti, US$7 million would be used for the road. Jean-Marie Cherestal, former finance minister in the Werleigh government, confirmed that information.

However, on Wednesday, 19 June, the public works minister changed his tune before the senators. He said that only 7 million gourdes were set aside for the Carrefour Road.

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Despite all the weaknesses the senators discovered in the way Minister Dorcean conducted the project and directed the ministry, they would rather cover things up. They put their confidence in the minister. Several senators, like Renaud Bernardin and Wesner Emmanuel, who were the most in favor of the interpellation, are now back-pedaling big time on the issue of dismissing Dorcean for mismanagement. Senator Bernardin has let it be known that it is not only Minister Dorcean who is responsible for the situation.

Therefore, the entire government should appear before the Senate. That is why they decided to keep Dorcean as public works minister. The manner in which the interpellation of Minister Dorcean ended clearly shows that the senators lack character. They are afraid to carry out their responsibility to put order in the state and to excercise the control they have over the government.

The senators missed a good opportunity to set an example by getting rid of crooked dealers and incompetent people. Their weakness might also be the reason why the Haitian Government has been unable to find the 200 ministry cars that former military, diverse employees, and former legislators stole during the coup. When the senators overindulge Minister Dorcean, they are giving carte blanche to other ministers to do their jobs poorly, so that the state will have more incompetent and greedy people. The Public Works Committee of the Chamber of Deputies also decided to convoke the minister.

Will they practice the same demagoguery? Or will they take on their responsibility to correct what needs to be corrected? Incompetence, corruption, stealing, and looting state property deserves to be denounced and condemned, regardless of which faction is involved.

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Mexico: Security Chief Unveils Plan To Moderaize Police

PA1107134696 Mexico City XEW Television Network in Spanish 0300 GMT 12 Jul 96

[From the "24 Hours" newscast]

[FBIS Translated Text] General Enrique Salgado Cordero, Mexico City public security secretary, held his first news conference on Tuesday in which he presented an analysis and preview of his corps and the actions to be undertaken. He said that crime is a phenomenon that grows when the social breakdown and the unavoidable disarray of economic factors grow.

[Begin Salgado recording] Fighting insecurity by providing security means overcoming that negative attitude among the people. For that reason, there is a relationship between those who are afflicted by insecurity and those who have the duty to overcome it. [end recording]

He added that insecurity is the challenge for modern Mexico. Gen. Salgado Cordero announced 22 actions to modernize the Federal District [DF] Police:

1. Conduct a profound review of the institutional structure.

2. Continue the profound analysis among the different levels of command and the corps' current personnel.

3. Continue the personnel selection process.

4. Begin an intenive training process.

5. Design action plans based on citizen participation.

6. Establish, in coordination with citizen groups, communications measures to motivate human solidarity in the war on crime.

7. More economic resources.

8. Begin an intensive process to persuade citizens in order to raise the necessary awareness among all DF residents to achieve an urgent and necessary public security.

9. Demand uprightness at all levels.

10. Make adherence to the law and respect for the individual and collective rights of the DF residents the legal basis of police conduct.

11. Continue the close cooperation with the DF Attorney General's Office and Mexico State public security authorities.

12. Increase patrol operations.

13. Strengthen prevention information campaigns by upgrading the 06 and 08 telephone emergency services.

14. Strengthen guidance programs aimed at school-age children and the young on road education and the dangers of drugs, use of weapons, and gang activities.

15. Amend the public security law.

16. Implement and improve control of procedures on police personnel in order to take exemplary and drastic actions against transgressors.

17. Promote the professionalism of the police career.

18. Create precinct commands.

19. Give the necessary importance to the problem of roads.

20. Instill among policemen the conviction that they are the first representatives of the law.

21. Create the personnel directorate that will in turn create a data bank and personnel registry.

22. Update citizen relief programs in cases of emergency.

Gen. Enrique Salgado Cordero was accompanied by the the DF Police top commands.

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El Salvador

El Salvador: U.S. Cancellation of Samper Visa 'Deplored'

PA1207035596 Mexico City NOTIMEX in Spanish 0243 GMT 12 Jul 96

[FBIS Translated Text] San Salvador, 11 Jul (NOTIMEX) — The Salvadoran Government today deplored the U.S. decision to cancel Colombian President Ernesto Samper's visa to enter that country.

Spokesmen of the Presidency's Information Secretariat said Samper represents the Colombian people, particularly because Washington has diplomatic relations with that country's people and government.

President Armando Calderon Sol's administration said Colombia's sovereign and democratic institutionality must be respected because the South American country's National Congress has exonerated President Samper.

According to the information, the Salvadoran president will suggest to his counterparts, with whom he will gather tomorrow in Costa Rica, the advisability of discussing in all forums the "narco-activity" scourge and the problems that may derive from this.

Calderon Sol, who will travel to San Jose on Friday to attend the Central America-Chile presidential meeting, will also suggest that conflicts between countries in the continent be subjected to a debate in the region's international forums.

Honduras

Honduras: Plot Against Armed Forces Commander Reported

PA1107210596 San Pedro Sula TIEMPO in Spanish 11 Jul 96 p 8

[FBIS Translated Text] San Pedro Sula — Radio Exterior de Espana yesterday reported that a plot against General Mario Raul Hung Pacheco is being hatched in the institution because of disagreements with his policies as Armed Forces commander.

The Spanish radio station, whose newscast was retransmitted by Tele Diario, mentioned Gen. Roberto Lazarus, chief of the Joint Armed Forces Staff, as the officer who leads the plot to remove Hung Pacheco.

The report said that several officers are upset over the arrest warrants issued against 10 of their fellow officers involved in human rights violations in 1980's.

The station succintly said that, according to humanitarian groups and the Honduran press, it was Lazarus who called for the meeting in which Hung Pacheco's removal was discussed. He disagrees with the way Hung Pacheco leads the institution.

The station reported that Lazarus also disagrees with the arrest warrants issued against 10 officers, who are at large and are being held responsible for the forced disappearance of more than 100 Hondurans during the so-called lost decade.

Honduras: FFAA Colonels Deny Meeting To Plot Coup d'Etat

PA1107210496 Tegucigalpa EL PERIODICO DE HONDURAS in Spanish 11 Jul 96 p 40A

[FBIS Translated Text] Tegucigalpa — Several colonels from the Armed Forces (FFAA) have denied that they held a meeting last week behind the back of FFAA Commander in Chief Brigade General Mario Hung Pacheco to plot a military coup d'etat, with the participation of General Roberto Lazarus, chairman of the Joint Chiefs of Staff.

The colonels explained that they have never considered going to such lengths,"because it would be tantamount to returning to the divisive campaigns of the 1980's." On the contrary, they said that the FFAA is solidly united and will unconditionally support Gen. Hung Pacheco in all his institutional decisions.

Colonel Oscar Hernandez Chavez, current secretary of the Senior Council of the Armed Forces (Cosuffaa), said that the last Cosuffaa meeting was held on 24 June and Brig. Gen. Hung Pacheco attended it as chairman of the group.

The colonels never held a meeting on Saturday; no one was called, Col. Hernandez Chavez noted. What happened here was that some sectors interested in spreading rumors leaked this information, which does not at all favor the climate of peace being promoted by the FFAA through its commander in chief.

Col. Hernandez Chavez is the commander of the 1st Battalion of the Special Forces and is currently the ground commander of the operations being implemented in the capital. Col. Hernandez Chavez mentioned that the meetings held and convened by the commander in chief were meant to discuss the operational plans to neutralize and reduce the country's crime rate.

Meanwhile, Col. Rodolfo Interiano Portillo, commander of the "Joint Task Force" working in the capital and a Cosuffaa member, reiterated that "the FFAA has not experienced any internal problems whatsoever" and that the top priority of all FFAA members is to preserve the security of citizens and the entire national territory.

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In addition, he said that there is unconditional support for Brig. Gen. Hung Pacheco, as well as the civilian authorities who were democratically elected by the people. This situation helped create favorable conditions for the country's development, which is closely linked to economic and legal security, as well as the security of the citizens.

Currently, there is no room for a coup d'etat, as this would be tantamount to returning to the past, explained Lieutenant Col. Mario David Villanueva, head of the FFAA Public Relations Directorate.

Regarding the participation of Gen. Lazarus, Villanueva pointed out that he is a qualified official, devoted to his tasks as chairman of the Joint Chiefs of Staff.

Villanueva also denied, as did his colleagues, that the Cosuffaa had held a secret meeting.

Later, he explained that the FFAA is intent on fulfilling a mission assigned by the high command, constituted by President Carlos Reina as FFAA general commander and Gen. Hung Pacheco as FFAA commander in chief.

"This mission consists of fighting crime on the streets, in addition to the duties stipulated by the Constitution," Col. Villanueva stressed.

Honduras: 'Internal Struggle' Within Armed Forces Reported

PA1107211496 San Pedro Sula TIEMPO in Spanish 11 Jul 96 p 9

[FBIS Translated Text] Tegucigalpa — Ramon Custodio, president of the Honduran Human Rights Defense Committee [CODEH], warned yesterday that the internal struggle taking place within the Armed Forces is threatening the stability of the institution as well as continuing efforts for civilian society to be respected.

The previous statement was made by Custodio based on reports related to a meeting that had taken place this past Saturday between the main members of the Senior Council of the Armed Forces (Cosuffaa), Armed Forces Commander General Mario Hung Pacheco, and Gen. Roberto Lazarus, chairman of the Joint Chiefs of Staff.

Custodio explained that CODEH is unaware of where the problem originates, and said that the only thing it knows is that there are two opposing groups "struggling for power within Cosuffaa," a situation that only serves to prompt the international community into viewing Honduras as a nation whose transition to democracy is either unstable or in jeopardy.

Nicaragua

Nicaragua: Pastora on CSE's Decision to Ban Candidacy

PA1107154596 Managua Canal Dos Television in Spanish 1600 GMT 7 Jul 96

[From the "This Week" program]

[FBIS Translated Text] Commander Eden Pastora, presidential candidate for the Democratic Action Party [PAD], has made statements on the Supreme Electoral Council's [CSE] disqualification of his presidential candidacy.

[Begin recording] [Pastora] I forgive the CSE magistrates for this blunder, for this stupidity. And I want to tell the Nicaraguan people that today Arnoldo Aleman has won the elections, and perhaps he will do so in the first round.

I have heard with composure the ruling on a patriotic attitude in my life, which was acquiring the Costa Rican citizenship with its consequences. And we acquired the Costa Rican citizenship at the request of the leadership of the Sandinist National Liberation Front to facilitate the supply of weapons for us, to facilitate the movement when we fought for this people — like we are doing now — against the Somoza dictatorship.

Now Draconian in nature, this Somozist Law prohibits a hero of this nation from becoming president. I will talk to the party, I will talk to the peasants, I will talk to the workers, I will talk with this people. Depending on what these people say and want, we will make a decision.

[First unidentified reporter] Will the PAD electoral campaign end?

[Second unidentified reporter] Commander, are you definitely pulling out of the campaign? You are being banned from running for president for life.

[Pastora] They saw I came to Nicaragua in a humble and peaceful manner to participate, in a civic manner, in an electoral process. They have treated me as a [words indistinct] wolf. We will analyze this with the Nicaraguan people, the party members, supporters, and the party in general.

This law is nothing but the political willingness in the years 1993 and 1994 of the Sandinists, who controled the Assembly. Like Commander Daniel Ortega stated, they planned to govern from below. They have been governing the country, they have drafted laws, and they have prevented us from participating, in a civic manner, in these elections.

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[Reporter] Will the PAD remain in the electoral campaign?

[Pastora] We will now discuss that. There are already candidates for deputy and mayor who are talking about giving up. This has been a harsh blow for the party. This has been a harsh blow for those of us who have struggled throughout these years, those of us who have devoted our entire lives to these people. There are some in Nicaragua who call us heroes. Well, they are now preventing this hero from being elected, from participating — in a civic manner — in an election because of a patriotic action, namely my acquiring a Costa Rican citizenship. They later took my Costa Rican citizenship away from me in 1981 for being a Nicaraguan. The Costa Ricans took away my Costa Rican citizenship and the Nicaraguans took away my right to participate, in a civic manner, in an electoral campaign. They are making me a pariah, a [words indistinct] wolf.

[Reporter] Commander, with whom could your supporters make an alliance?

[Pastora] We are currently not thinking about alliances. We are now thinking about analyzing this problem, considering the next steps to be taken. [end recording]

Panama

Panama: Free Use of Howard Base Offered To Fight Drugs

PA1107212196 Panama City EL PANAMA AMERICA in Spanish 11 Jul 96 p A1

[FBIS Translated Text] REUTER has stated that President Ernesto Perez Balladares would allow the United States the free use of Howard Air Force Base as an international center to fight drug trafficking.

"I have offered publicly and privately the possibility of establishing a drug interdiction center for an intercontinental effort against drug trafficking from Howard Air Force base," Perez Balladares said,

"He have offered to provide the facility free of charge as part of our contribution to the war against drugs," Perez Balladares added.

Moreover, our correspondent in Washington, Henry Raymont, has reported that Panamanian Foreign Relations Minister Rocardo Alberto Arias will visit the United States this weekend. Arias is expected to meet with members of the White House's National Security Council and Deputy Secretary of State Jeffrey Davidow. Arias will also attend a reception at Joe Reeder's residence. Reeder is the under secretary of the Army and president of the Panama Canal Board of Directors.

Panama: Ministry Denies Arias To Meet With U.S Officials

PA1107212296 Panama City Telemetro Television Network in Spanish 1730 GMT 11 Jul 96

[Report by Antenogenes Rodriguez; from the "Telemetro Reports" newscast; passages within quotation marks are recorded]

[FBIS Translated Text] The Foreign Relation Ministry denied today that Foreign Relations Minister Ricardo Alberto Arias will meet this weekend with U.S. officials in Washington to discuss the possibility of granting free use of Howard Air Force Base in return for establishing a center for fighting drug trafficking here.

Acting Deputy Foreign Minister Victor Cucalon confirmed Foreign Relations Minister Ricardo Alberto Arias' trip to the United States this weekend. However, the purpose of the trip is to bid farewell to the Panamanian delegation in Washington where Arias served as ambassador.

[Cucalon] "I met yesterday with Foreign Relations Minister Arias and with Deputy Foreign Minister Alejandro Ferrer. The agenda that he has scheduled in Washington is exclusively part of a farewell ceremony after having completed his mission there, as I have already stated."

Victor Cucalon says that at present, he does not know if the foreign minister will meet with the members of the Defense Department to offer Howard Air Force Base free to the United States in exchange for the establishment there of a center to fight drug trafficking. This version was reported by several newspapers, which published a declaration by President Ernesto Perez Balladares to the foreign news media to that effect.

[Cucalon] "I cannot give you an answer. It is the first I have heard of this. I understand that the foreign relations minister's trip to Washington is to bid farewell to the diplomatic corps and to members of the U.S. Government upon ending his mission as ambassador to the United States. I understand that this is his main reason for going to Washington. I know nothing about what you have mentioned."

The acting deputy foreign minister reiterated that the new Panamanian ambassador to the United States has not yet been appointed.

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Panama: ARI To Request Bids To Privatize Gorgas Hospital

PA1207001496 Panama City EL PANAMA AMERICA in Spanish 9 Jul 96 p A1

[Report by Carlos Vargas]

[FBIS Translated Text] The Interoceanic Region Authority (ARI) is drafting the terms of reference to request international bids to privatize Gorgas Hospital, and there are at least two U.S. hospital groups interested in acquiring it, official sources have disclosed.

According to the information, Gorgas Hospital must revert to Panama on 1 December 1997, earlier than the initial transfer date scheduled for 1998.

U.S. business groups expert in managing hospitals are interested in submitting their offers to acquire Gorgas Hospital, the sources added.

ARI has held preliminary talks in order to request international bids to purch e the hospital. The policy is to sell it as quickly as possible once the building has been reverted, they explained.

The hospital was scheduled to be transferred over to Panama in 1998, but the Southern Command authorities requested a change in the reversion timetable so as to hand it over to Panama on 1 December 1997.

Gorgas is a hospital complex serving U.S. military personnel stationed in the U.S. military bases along the banks of the Panama Canal.

Panama: New Ambassador To Cuba Juan De Roux Sworn In

PA1107134796 Panama City LA PRENSA in Spanish 10 Jul 96 p 4A

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] Juan De Roux, the new Panamanian ambassador to Cuba, was sworn in yesterday. He replaces PRD's [Democratic Revolutionary Party] Rafael Moreno, who was removed from the position — the reason for his dismissal was never given —at the beginning of the year.

It was reported in January that Moreno Saavedra would be transferred to an embassy in Europe. A later report indicated that the embassy in Cuba was being investigated for alleged irregularities. However, sources close to the former ambassador denied this report.

A short Foreign Ministry press communique has reported that De Roux, who has vast experience in the foreign service, was sworn in by Deputy Foreign Minister Alejandro Ferrer.

Moreno Saavedra returned to Panama for his vacation on 29 January. At that time, a source close to the former ambassador asserted: "He is not facing any problem in the embassy and is on vacation right now."

The former ambassador was the commander of the Dignity Battalions, an organization created by dictator Manuel Antonio Noriega to confront a possible invasion of Panama in 1989.

It was also said in January that Moreno Saavedra had a spat with then embassy adviser, Berta Thayer — declared "non grata" by the Cuban Government for her relations with people who oppose the Fidel Castro regime — and that this was the reason the Foreign Ministry had removed him from the position.

Panama: Agreement With Cuba To Fight Drugs Ratified

PA1207001296 Panama City EL UNIVERSAL DE PANAMA in Spanish 8 Jul 96 p A3

[FBIS Translated Text] The Legislative Assembly recently ratified an agreement between the Republics of Panama and Cuba on cooperation to counter the illicit drug trade and the illegal demand for drugs and psychotropic substances.

According to the document, the two states will guarantee cooperation on information, logistical support, and other matters for the purpose of fighting drug trafficking, consumption, demand, and the laundering of money from illegal drug activities.

The legislators also ratified an air transportation agreement between Panama and Mexico signed on 14 February 1996.

The purpose of this agreement is to regulate regular air services for passengers, cargo, and mail. In addition, the sides may designate up to two airlines to run the agreed routes that they specify.

The airlines chosen by the signatory nations will be entitled to fly over each other's territory without landing, make stopovers for noncommercial purposes, and land and disembark with other international traffic, as specified in the agreement.

For Panama, these routes will be: Panama City, Panama-Managua and/or San Pedro Sula, Honduras-Mexico City, and vice versa, whereas Mexico will have: Mexico City-Panama City, Panama-Caracas, Venezuela, and vice versa with a maximum of seven weekly frequencies for the two countries.

The Legislative Assembly also ratified a Technical and Scientific Cooperation Agreement between the governments of Panama and Mexico, signed in Panama City on 14 February 1996.

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Argentina

Argentina: Menem Says Economic Policy To Remain Unchanged

PY1107213796 Buenos Aires TELAM in Spanish 1225 GMT 11 Jul 96

[FBIS Translated Text] Buenos Aires, 11 Jul (Telam) — President Carlos Menem today reiterated that the government's economic policy will not be modified, emphasizing that the unemployment rate and poverty are decreasing, and that tax revenues are growing.

In a conversation with La Isla FM radio station, the president said that "we will not change the (economic) course just because of what a newspaper or a news media says."

"Argentina has overcome the crisis and has started to grow," Menem emphasized, remarking that "the unemployment rate has dropped while poverty has remarkably decreased."

The president added that "revenues tend to increase, and will increase even further with the new laws and measures that we will adopt to prevent the corrupt practice of tax evasion."

The president added that "one should not try to minimize this work, which has been really responsible and deep, and which has fully changed the burning and serious situation we inherited."

Concerning the leaders who demand a change of course, he wondered whether "they intend to return to price and salary control, to the state-run companies with impressive deficits, to the situation that plunged Argentina into full prostration, on the brink of destruction."

In response to a question, the president said that economic decisions "are not locked," remarking that "yesterday there was much praise at the stock exchange, a place that is not an easy one, a place that gathers investors who are permanently trying to operate on the financial market."

"I would say that the stock exchange is sort of a thermometer. There were generalized applause and congratulations. It is the thermometer of economic activities," he noted.

Menem said that "many times the delay" in the implementation of decisions "is not caused by the executive branch but by other branches of government like Congress, where many bills — which we are trying to push through Congress — are awaiting approval, like the ones on privatization or Yacyreta.

Asked about the legal case involving the contract between IBM and the Nacional Bank, Menem said that "we are actively helping the courts," remarking that "we will not tolerate any kind of criminal maneuver."

"The government is actively cooperating in this matter, so that Argentines can identify those who are responsible for those allegedly criminal maneuvers as soon as possible," the president emphasized.

Menem added that Judge Adolfo Bagnasco "went to the United States to ask for information in order to leave no loose ends (in the investigation) and to issue an exemplary ruling in the eyes of the community."

Argentina: Menem on Outgoing Minister, M.E. Peace Process

PY1207022096 Buenos Aires TELAM in Spanish 1942 GMT 11 Jul 96

[FBIS Translated Excerpt] Buenos Aires, 11 Jul (TELAM) — President Carlos Menem noted today that Justice Minister Rodolfo Barra resigned "because he believes his cycle is over." Menem indicated: "His resignation was accepted. (Elias) Hassan was appointed to replace him and it is not necessary to give another connotation to this issue." [passage omitted]

Changing the subject, Menem also reviewed the developments of the Middle East peace process. In this regard, he said: "Peace has to be strengthened."

Menem emphasized: "Peace proposals and agreements have been signed. Signatures are not enough; it is necessary to quickly enhance the measures designed to achieve peace in that troubled region of our planet."

The president said: "In keeping with the expressions voiced by the new Israeli leader (Benjamin Netanyahu) and Arab hopes, I believe an agreement could be quickly achieved."

Menem noted: "It is not an easy matter, as radical fundamentalist sectors exist in the two countries and they represent stumbling blocks that have to be overcome as soon as possible."

Argentina: Justice Minister-Designate on 'Transformation'

PY1207021896 Buenos Aires TELAM in Spanish 1349 GMT 11 Jul 96

[FBIS Translated Text] Buenos Aires, 11 Jul (TELAM) — Justice Minister-designate Elias Hassan noted today that he is totally identifies with the transformation process being pursued by President Carlos Menem. He pointed out that, in his opinion, his appointment represents "a great challenge."

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Hassan told Radio America: "I identified with the transformation process being pursued by President Carlos Menem and his ministers."

Hassan also indicated that his appointment represents "a great challenge." He hopes to accompany the president "until the end of his presidential term."

Asked about his political leanings, Hassan said: "I belong to a generation that has been unable to become involved in politics. We belong to that generation of young people who have experienced military regimes rather than democratic systems."

Hassan noted: "I have always been and I still am a supporter of democracy, freedom, and guarantees. With the process being pursued by President Menem, I have been committed to his government and Justicialism."

Hassan emphasized that outgoing Justice Minister Rodolfo Barra has "clearly rejected totalitarian ideas." He noted: "In this regard, he has seriously contributed to the inclusion of human rights in the last constitutional reform."

Hassan pointed out: "Following his proposals, some guarantees against discrimination have been included in the Constitution. This represents an attitude typical for an adult man. I prefer to praise his attitude vis-a-vis the impetus or sins of his youth, especially during such a turbulent period in Argentine life as the 1960's."

Argentina: Barra Replaced Due to Past Ties With Nazism

PY1107191896 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0155 GMT 11 Jul 96

[FBIS Translated Text] Buenos Aires, 10 Jul (NA) — President Carlos Menem last night accepted Justice Minister Rodolfo Barra's resignation. In his place Menem appointed Elias Hassan, justice deputy minister until now, who will be sworn in early tomorrow.

The Jewish community in Argentina for the past two weeks had insistently demanded Barra's resignation after an investigation carried out by journalists revealed his link in the past with extreme rightist organizations with alleged Nazi ideology.

The justice minister's resignation was officially disclosed by Media Secretary Raul Delgado who said he did not know why Barra had resigned.

Government sources stated, however, that the chief of state had asked the minister to resign to avoid the scandal unleashed by reports on his link in the past with "ultranationalist" organizations, such as the "Tacuara" group in the 60's, reaching international proportions.

As a result of this information high ranking authorities of the Jewish community in Argentina started exerting pressure on the government to replace Barra.

In addition to this external pressure there was that exerted within the cabinet where the government's so-called "political wing" had also started to demand Barra's exit.

Added to all this was Barra's recent clash with Economy Minister Domingo Cavallo over the bill to indemnify those who have filed a law suits against the state.

Sources linked to the outgoing justice minister said that the chief of state had suggested to Barra the possibility of resigning last week and that on 5 July the minister had already decided to abandon the government.

Moreover, government spokesmen noted that Hassan's appointment to replace Barra at the head of the justice ministry is designed to maintain the policies that the outgoing minister was implementing.

Three weeks ago research carried out by journalists revealed Barra's alleged participation in the extreme rightist group "Tacuara" and seven days later it was revealed that he was adviser of the former Buenos Aires University rector, Alberto Otalagano, who was questioned for his Nazi ideology.

This type of information alerted the Jewish community in Argentina, that was looking into the possibility of asking President Menem for an interview to discuss Barra's possible exit from the cabinet.

At the same time a group of rabbis had organized a demonstration in front of government to deliver a petition demanding Barra's resignation.

Barra was being strongly criticized because the members of the Jewish community believed that the investigations into the attack on the AMIA [Argentina-Israeli Mutual Association] and the Israeli Embassy could not develop normally with a justice minister with a background questioned due to his allegedly ultranationalistic leaning.

[Buenos Aires TELAM in Spanish at 1227 GMT on 11 Jul carries a 350-word report noting that "outgoing Justice Minister Rodolfo Barra today said he decided to leave his post to avoid causing the government any difficulties as a result of the criticisms against him for having belonged during his youth to the National Union of Secondary Students (Unes).

In statements to Radio America, Barra said that "the information that is of public knowledge caused the Jewish community unrest. I believe that in politics, if

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you can avoid causing the government difficulties, you have to do so and this is why I have resigned."

The resigning minister added that "when this sort of thing happens the best thing you can do is step aside and let the government continue, because it can do so with other people."

Barra reiterated that what a weekly published about his past 'partly was incorrect, and has nothing to do with the present moment, because it is something of my youth, something that happened 35 years ago.'"]

Argentina: Interior Minister on 'Plaza de Mayo' Group

PY1107222896 Buenos Aires TELAM in Spanish 1635 GMT 9 Jul 96

[FBIS Translated Text] Buenos Aires, 9 Jul (TELAM) — Interior Minister Carlos Corach today accused the group of Mothers of Plaza de Mayo [mothers of people who disappeared during the military dictatorship] evicted from the metropolitan cathedral of "tarnishing the noble cause" of remembering the need to avoid national civil conflicts.

"I think the attitude of some (Mothers of Plaza de Mayo) tarnishes the noble cause," Corach told journalists when leaving the metropolitan cathedral after the celebration of the Te Deum to commemorate the 180th anniversary of the national independence.

These comments were part of the interior minister's answer to a question on the attitude of a group of Mothers of Plaza de Mayo headed by president Hebe de Bonafini, who installed themselves at the cathedral on 8 July and were evicted on orders of Judge Jorge Luis Ballestero early this morning.

"I think this (the group's attitude) does not do any good for Argentina's history," the minister said.

Corach said: "The cause to be maintained in people's minds is the one deriving from spirit saying never again to what happened among Argentines at a moment of civil conflict. It is a noble cause that is being tarnished by this type of attitude."

The order to evict the group was issued in answer to a complaint "for illegal entry" filed by metropolitan cathedral Rector Ernesto May. Mothers of Plaza de Mayo lawyers were informed of the decision but refused to leave because they consider the ruling "an attack against freedom of worship."

The interior minister said that Judge Ballestero's decision "in no way" hurts social group's rights to express themselves.

"The court decision simply points out that a forceful entry to try to introduce" political "factors in places used for worship is not possible. In this case the group was hindering the celebration by all Argentines of a 9 July anniversary," Corach concluded.

Argentina: Fugitive Links 'Highest' Officials, Arms Case

PY1207003296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2229 GMT 10 Jul 96

[FBIS Translated Text] Buenos Aires, 10 Jul (NA) — Fugitive Colonel Diego Palleros, retired, who is being sought for his alleged participation in the sale of Argentine arms to Ecuador, has sent a written testimony to Judge Jorge Urso, who is in charge of the case. In his testimony Palleros states that highest government political levels are responsible for the arms scandal.

Palleros sent an eight-page document to Judge Urso from somewhere in Singapore, where he is allegedly hiding, describing the operation that permitted the shipment of Argentine arms to Ecuador during its war with Peru.

A Buenos Aires radio station cites the colonel as saying: "Military Industries needed to export everything it could in any way possible. Over the past few years it closed deals worth $70 million using the same method as for the operation with Ecuador."

The radio report quotes him as saying: "Highest officials of the government and the Defense Ministry could not have been unaware of this. Instructions were received based on government decisions made at the highest level."

Palleros emphasized: "It is impossible to export arms if the entire Defense Ministry hierarchy, the Interministerial Commission, and the Presidency disagree."

Palleros allegedly said: "The highest Argentine Government authorities were aware of the shipments from the very start. The political power imposed strict controls."

The colonel allegedly said that Fine Air, which transported the arms cargo to Ecuador, "was not authorized to operate from Ezeiza airport. Before authorizing the first shipment, Fine Air consulted with Commodore Benza, who was in charge of the airport. He authorized the shipment and personally took care of all the details."

Palleros, head of the "ghost" company Hayton Trade headquartered in Uruguay, said he "would be immediately executed" if he appeared to testify.

In the document sent to the judge, Palleros allegedly said: "Those who made the threats are serious because they have proven they know all my movements."

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Palleros also made a veiled threat to reveal the name of "the front man of a very important Argentine entrepreneur who is very close to the government," who allegedly is the holder of Bank of New York account No. 69383, where a "commission" of $300,000 was allegedly deposited "to speed up" the approval of the documents on the arms sale.

Palleros allegedly said: "I do not know who is the holder of that account, which is registered at the Bank of New York in the name of Daporel, a Uruguayan intermediary company, but I was told he is a front man for a very important entrepreneur who is very close to the government."

Bolivia

Bolivia: Armed Forces Demand New Funds for Border Units

PY1107132196 La Paz PRESENCIA in Spanish 28 Jun 96 Section 1 p 6

[FBIS Translated Text] On 27 June General Reynaldo Caceres, commander-in-chief of the Armed Forces, reported that the Armed Forces have asked President Gonzalo Sanchez de Lozada to approve additional funds to enhance border units and outposts.

Caceres pointed out that radios and communications equipment for outposts and border checkpoints are among the Armed Forces' main requirements.

Various units in remote border regions lack basic services and communications systems. Therefore, whenever shortcomings or developments occur, their troops have to go to the nearest town, which mostly involves a two-day walk.

The military units that are discharging their constitutional duty of safeguarding the Bolivian borders are confronting this type of problem.

This requirement became obvious after the wave of robberies reported in the La Paz high plateau, when the Armed Forces could not act immediately due to the lack of communications equipment.

Caceres pointed out that the additional funds will help to improve the military units that are protecting the borders, because in many cases they are in very poor condition.

Commenting on this issue Defense Minister Jorge Otasevic indicated that efforts are being made to improve the management of the funds earmarked for the Armed Forces, by ranking their requirements.

Otasevic added that the requirements include improving the barracks' infrastructure of outpost units, especially in eastern Bolivia, which is our country's most neglected sector.

Otasevic noted that the Armed Forces are seeking a way of financing the resupply of materiel that has already been authorized by President Sanchez de Lozada during last week's meeting with the military commanders.

The resupply process will begin with the purchase of spare parts for obsolete materiel, and subsequently the purchase of weapons with the available funds.

Bolivia: COB Congress Discontinued; Temporary Board Named

PY1107143196 La Paz PRESENCIA in Spanish 28 Jun 96 Section 1 p 1

[FBIS Translated Text] The 11th Bolivian Labor Federation (COB) Congress was discontinued on 27 June, and the COB will be managed by a temporary executive board for 60 days. The struggle between [current COB executive secretary] Oscar Salas and [Mine Workers Union Leader] Edgar Ramirez over the COB Executive Secretariat caused the delegates to disband.

The temporary executive board comprises Mine Workers Federation Executive Secretary Milton Gomez; Johnny Butron (factory workers); Humberto Parari (COD-Beni) [Departmental Workers Federation-Beni Department]; Freddy Nunez (rural teachers executive secretary); Javier Baldiviezo (urban teachers executive secretary); German Gonzales (Beni [Department] journalists association); Oscar Mendez (health workers); and Antonieta Araujo (university workers).

This temporary executive board will call a special Congress that will be held in Cochabamba within 60 days.

Bolivia: Drug Trafficking Group Said Destroyed

PY1107174996 La Paz PRESENCIA in Spanish 29 Jun 96 Section 1 p 8

[FBIS Translated Text] Minister of Government Carlos Sanchez Berzain, Social Defense Secretary Victor Hugo Canelas, and FELCN [Special Antinarcotics Force] Commander German Asturizaga have officially reported the destruction of a powerful drug trafficking gang that had been operating in Bolivia for the past four months, providing drugs to the Cali Cartel (Colombia) and the Juarez Cartel (Mexico). The group's network was destroyed on 27 June, but the operation did not end until yesterday.

Authorities detained 10 individuals during the operation, which was called "Operation Nightingale," including Colombian citizen David Jaimes Tarazola, alias the

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"maestro" or "patron;" and Bolivian citizen Jose Luis Pereira Salas, alias "jota," who was captured in Mexico in possession of $2 million and was extradited to the United States.

Roberto Escalante Casale, David Cespedes (chemist), Francis Victor Hurgel, Welfa Salas Guzman, Jazmine Pereira Salas, Irwing Pereira Salas, Harold Pereira Salas (pilot), and Maria del Carmen Pereira Salas are under custody in Santa Cruz. Gustavo Duran Bautista, alias "riky" and Brazilian citizen Baxinho (pilot), are at-large. The last two were in charge of transporting the drug.

Brains

Minister Sanchez Berzain said that the antinarcotics operation was brilliant because the antinarcotics forces were able to destroy the brains in charge of organizing the collection, production, transport, and trafficking of cocaine, a drug regrettably being produced in Bolivia.

The organization was beheaded thanks to the timely intervention of the FELCN. Almost all persons involved in the criminal activity were arrested in Bolivia; one person was arrested in the United States and Colombian citizen David Jaimes Tarazola is under custody in Bolivia, Sanchez Berzain said.

The minister said the importance of the operation is that it destroyed the connection between Bolivia and the Cali and Juarez cartels. This fact is definitively important in the struggle against drug trafficking because it prevents the continuous operation of these criminal organizations in our country.

Drugs Seized

Sanchez Berzain confirmed the initial seizure of 25 kg of drugs, anticipating that in the next few days the police will have the confessions of those arrested in Santa Cruz and will be able to elaborate further on the results of the operation.

With respect to the gang's work in Bolivia, Sanchez said that the group had recently started to operate in the country, adding that the information will be confirmed during the investigation.

"The drug produced in Bolivia goes out somehow. There are several routes, but it is important to have captured the group's nervous center. This is the result of an operation carried out by the FELCN with very important intelligence support and in cooperation with similar organizations in other countries, such as the United States and Mexico," Minister Sanchez Berzain said.

The minister said that Bolivia is the most efficient country in this fight on drug trafficking thanks to the help of friendly countries, their logistic and economic cooperation, and military support.

Group's Leadership

FELCN Commander Colonel German Asturizaga said Colombian citizen David Jaimes Tarazola was the main operator of the Cali Cartel and Jose Luis Pereira Salas was responsible for operations with the Juarez Cartel.

Asturizaga confirmed that Pereira Salas was Bolivian, that he had been arrested in Mexico 48 hours before in possession of $2 million, and that he had been extradited to the United States. According to the preliminary report the group "exported" more than 500 kg of drugs per month to Colombia and Mexico and had been operating for four months.

The FELCN commander said that several people, most of them relatives of Jose Luis Pereira Salas, such as his mother Welfa Salas Guzman and Jazmine, Irwing, Harold, Maria del Carmen Pereira Salas, besides others, were involved in the operation.

The police operation continues and soon we will have important information on the seizure of assets because these people used large amounts of money to establish their connections. The money to finance their operations came from Colombia and Mexico, Colonel Asturizaga stated, refusing to elaborate further in order not to hinder the investigation underway.

The investigation continues normally. After arresting the most important figures in the organization the antinarcotics forces are investigating other levels to find out who else was involved, the officer concluded.

Bolivia: L.A. Defense Ministers View Armed Forces' Role

PY1207021396 La Paz PRESENCIA in Spanish 5 Jul 96 p 6

[Report by Martin Alcazar]

[FBIS Translated Text] Santa Cruz, (PRESENCIA) — Since the democratic process was restarted, the Latin American Armed Forces have learned to respect human rights, becoming one of the main pillars for the consolidation of democracy, Paraguayan Defense Minister Hugo Estigarribia said on 4 July.

"The Armed Forces respect human rights, yet in a reasonable way," the minister said upon conclusion of the Regional Conference on Human Rights, Democracy, and Armed Forces.

He added that this type of international meeting permits the Latin American Armed Forces to make an in-

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depth evaluation of their own work, especially within democracy.

He added that this is why they constitute one of the main institutions that have strengthened the democratic process in Latin America, because of the permanent changes that they must experience within their new role.

Uruguayan Defense Minister Raul Iturria emphasized that respect for human rights is the result of the strengthening of the democratic process in each country.

He noted that since the start of democracy, the Armed Forces have respected human rights, although they need to develop closer ties with political, labor, and social institutions.

"The problem is that there is a distance between the Armed Forces and civil society, which must be overcome. This type of event is the best opportunity to do it," Iturria said.

He said that the meeting permitted broad and frank debate on the role of the Armed Forces in this new era, with the preservation of human rights.

Bolivia

Gen. Reynaldo Caceres, the Bolivian Armed Forces Commander in Chief, said that human rights are being fully preserved, and that the population must become aware of the concept of the state in order to consolidate such rights.

"Human rights will be respected through strict compliance with the law, and to this end the people must become aware of their rights and duties," he added.

Gen. Caceres said that the current objective is the training of recruits, in order to begin learning the concept of the state at this stage, so that they respect both the state and themselves.

Asked about human rights violations with the participation of the Armed Forces in de facto governments, Caceres said those are things of the past that should not be considered except for improvement for the future.

He emphasized that the Armed Forces are adapting themselves to the ongoing democratic process, which they have strengthened through their strict respect for the Constitution.

Bolivia: Editorial Notes Challenges of Mercosur Accord

PY1207025396 La Paz PRESENCIA in Spanish 27 Jul 96 Section 1 p 5

[Editorial: "Agreement With Mercosur: An Unprecedented Challenge"]

[FBIS Translated Text] The country has finally signed the framework agreement that will permit us to become a Common Market of the South (Mercosur) commercial partner. Four complementary protocols are still pending, but there is a deadline to reach an agreement on all four that ends on 30 September. Then, Mercosur and Bolivia will sign a definitive free trade treaty.

According to the initial reports, the agreement creates a free trade zone between our country and the signatory countries of that subregional bloc in a period of 10 years, beginning in 1997. Mercosur comprises Brazil, Argentina, Paraguay, Uruguay and possibly Chile, which on the same occasion signed a free trade agreement as a first step in its almost sure incorporation into Mercosur as a full member.

Without a doubt, it is a very important event in the country's history due to the agreement's economic, political and social connotations, and more so if it includes a "clause of democratic guarantee" — applicable to all Mercosur members countries and associates — suspending all negotiations with nations where the democratic order has been altered.

Mercosur has become the most important economic spokesman for Latin America. Adding members potentials — as was summarized by Reuter — we find ourselves with nearly 188 million inhabitants, an area of 12 million square km, and a GDP of $834 billion. Besides, trade between the four members climbed to $28.49 billion by 1995.

We might say that the decision has been accepted, although with important reservations. Some voiced within the Andean Pact criticized it. The Colombian foreign minister questioned the accord because there was an agreement to approach Mercosur as a group, not unilaterally, and the president of the Commission of the Cartagena Agreement Board announced that Bolivia will have to report whether the negotiation "was adjusted to what we consider convenient for the group of Andean countries."

In Bolivia, entrepreneurs have expressed fears for what it will mean to compete with Brazil and Argentina, the two Mercosur "giants." For many of them the government should have waited longer before agreeing to join the group so as to give them time to create better

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conditions to compete with their Mercosur counterparts. These businessmen think that a free trade zone should be completed in a period of 20 years. Besides, they are also concerned for the repercussions that the decision might have on the Andean Pact, with which the country trades more and in better conditions. But other voices have said that we could no longer postpone the signing of the agreement.

The president said that Andean countries authorized the negotiation of agreements with other blocs and that the talks were carried out in coordination with them. Gonzalo Sanchez de Lozada reiterated that Bolivia is in a special situation because of its links with the Andean region and with Mercosur. He made clear, however, that we are an "eminently Andean nation." Regarding the country's fears the president admitted that the agreement is "a great challenge, but we always needed the market and this agreement makes possible our incorporation to a wide space that treats smaller countries with justice until they reach the dimension and capacity to fully compete."

Everything seems to indicate that the measure is irreversible, although authorities and producers must look after the country's interest and answer, each one in its own area, to the challenge of serving a market of 188 million people, preventing our fatal absorption by the economies of our new associates.

Brazil

Brazil: Lampreia Says Helms-Burton Law Affects 1 Firm

PY1207021696 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 11 Jul 96

[FBIS Translated Text] The U.S. decision to punish companies that maintain business deals with Cuba has caused a reaction of indignation in Germany, the United Kingdom, and France. They are protesting against the punishment imposed on the Canadian mining company (Sherit) whose executive directors and families have been prohibited from entering the United States. Such is the consequence of the Helms-Burton Law — which establishes strict punishment of whomever maintains business deals in Cuba — the purpose of which is to reinforce the economic embargo against [Cuban President] Fidel Castro's regime.

As for the affected Brazilian companies, Souza Cruz [tobacco] is the only one that is harmed. Hardly a month ago, it opened a new cigar factory in Havana. Even though Souza Cruz is very worried, it diplomatically prefers to keep silent. Brazilian Foreign Minister Luiz Felipe Lampreia reported that the Brazilian Government considers the Helms-Burton Law a violation of sovereignty and of international trade rules.

Brazil: Envoy to WTO Notes Toy Import Tariff Increase

PY1107152096 Sao Paulo O ESTADO DE S PAULO in Portuguese 6 Jul 96 p B5

[Report by Reali Junior]

[FBIS Translated Text] Paris — The Brazilian Government has told the WTO directorate why it adopted provisional safeguards for the national toy industry; that is, increasing import tariffs from 20 to 70 percent. Ambassador Celso Lafer, chief of the Brazilian mission in Geneva, said Brazil has strictly complied with the norms of the Treaty of Marrakesh.

Brazil thus took the initiative before any possible claim is raised within the WTO. Even though no official claims have yet been filed, WTO sources believe some countries feel they have been harmed and will react. Among those countries might be Korea and Hong-Kong. The situation with Korea is more complex, because of the current conflict over restrictions (quotas) Brazil has imposed on imports of Korean products. The Koreans have also complained about car import restrictions. China and Taiwan, two major toy exporters to Brazil, cannot complain because they are not WTO members.

Lafer's justification was the unprecedented growth of toy imports, which strongly harmed domestic industry. Between 1992 and 1994, the volume of toy imports grew by 2,778 percent, while their value grew by 884 percent. In 1991 toy imports accounted for 10.52 percent of sales on the domestic market, while in 1995 they totaled 35.76 percent.

The government will react whenever an organized enterprise is about to close its doors and dismiss workers as a result of unfair competition from imported products, which for the most part enter with subsidies or at prices below the prices on the domestic market of the exporting country (a practice known as dumping).

"The import spree is over," said Francisco Dornelles, industry, commerce, and tourism minister, during a meeting with entrepreneurs in the Manaus duty-free zone on the evening of 5 July.

An industrialist who attended the meeting said Dornelles told them he received this instruction from President Cardoso.

The minister reportedly said the new policy is not a retrogression on the commercial opening. "The process of opening the economy is irreversible, but the government will not permit organized enterprises to close their

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doors and implement massive dismissals because of unfair competition," Dornelles was quoted as saying by the entrepreneurs who attended the meeting.

Brazil: Chamber of Deputies Passes Health Tax Bill

PY1107145096 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 11 Jul 96

[FBIS Translated Text] After a prolonged debate, the Chamber of Deputies yesterday finally approved the CPMF [Temporary Tax on Financial Operations] bill, which is designed to fund health expenses. By a 326-144 vote, nine abstentions, the chamber passed the bill. Attendance was the highest since the special session was convened early this month.

An agreement concluded by President Fernando Henrique Cardoso and Political Coordination Minister Luiz Carlos Santos with leaders of pro-government blocs had paved the way for yesterday's vote. The agreement provides that the CPMF rate will stand at 0.20 percent and the tax will be in force for one year.

It has been estimated that the CPMF tax will help raise 4 billion reais [R]. This amount will be exclusively earmarked for the public health system, with funds being transferred to hospitals affiliated with the Unified Health System [SUS], to university hospitals, and to charity institutions. These changes to the administration's original proposal will be enforced through a law of implementation.

Upon learning of the approval of the bill, Health Minister Adib Jatene went to Congress to congratulate the lawmakers. In his opinion, low-income groups have been the ultimate winners in this vote.

[Begin Jatene recording] I believe the low-income segment of our population was the winner in this vote. Without the backing of these funds, health services available to these people would have gone from bad to worse. I have always stated that I am not struggling for a hospital or for anyone, but rather for ensuring low-income people access to health services. This is why I was convinced the bill was going to be approved. [end recording]

Jatene said he will continue to visit Congress during the special session to guarantee approval of the CPMF during the second vote, which is expected to take place this month.

President Cardoso praised the agreement concluded at Planalto Palace with leaders of pro-government blocs in Congress to pave the way for approval of the CPMF tax. He said that by passing the health bill, the pro-government blocs have guaranteed funds for low-income groups.

It should be noted that the Workers Party, which had initially endorsed the health tax, changed its position at the last minute and voted against the CPMF.

Brazil: Decree Authorizes Arms Exports to Ex-Yugoslavia

PY1107192096 Sao Paulo GAZETA MERCANTIL in Portuguese 10 Jul 96 p A12

[Report by Mariangela Gallucci]

[FBIS Translated Text] As of 9 July, Brazilian arms and military equipment manufacturers — like Amadeo Rossi and Taurus Forjas, two Rio Grande do Sul companies — can export their products to the states that comprised the old Yugoslavian state. A decree signed by President Fernando Henrique Cardoso — published on the Official Gazette on 9 July — lifted the embargo that the United Nations Security Council ordered in 1992.

With net revenues of 23 million reals [R] in 1994, Amadeo Rossi, considered the second largest Brazilian arms manufacturer, intends to restart its exports to the region. Lucas Pache, Rossi's export analyst, has said that his firm will send representatives to the region in order to analyze the market. "We will also search our files for old clients and sales," Pache said, adding that he is unaware of the quantities that were exported to that area.

According to Pache, 106 year-old Rossi exports approximately 60 percent of its production, which includes revolvers, carbines, and handcuffs. The main buyers of Rossi's arms are the United States, Venezuela, Ecuador, Paraguay, Bolivia, Guatemala, El Salvador, and South Africa. Pache said that restrictions on sales apply only to Paraguay. "To that country, Rossi can only sell 500 arms per week, in order to control the diversion of arms on the border," he said.

The president and the vice president of Taurus Forjas, a firm whose net revenues reached R54.53 million in 1994, could not be reached. According to the secretary of the firm, they are the only spokesmen for the enterprise.

According to data released in 1992, the old Yugoslavian region had a population of 10,304,000, 135,000 of whom were in the Armed Forces, 100,000 in the Army, 29,000 in the Air Force, and 6,000 in the Air Force. In 1992, defense spending amounted to $960 million. This amount is approximately 12 times the net income that the two Brazilian arms manufacturers made in 1994.

Paulo de Fontoura, chief of the United Nations division of Itamaraty, said that the presidential decree is part of the program of gradual liberalization of exports to

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the former Yugoslavia. "This was the last stage of the liberalization process," he said, adding that Brazilian arms exports to Somalia, Rwanda, Iraq, and Libya remain banned.

Brazil: 'Index of Disloyalty' Annoys Lawmakers

PY1107165596 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Jul 96 p A6

[Report by Mara Bergamaschi]

[FBIS Translated Text] Brasilia — A list of the PSDB [Brazilian Social Democracy Party] lawmakers who voted against the government has been made available to O ESTADO. The list, which is part of an evaluation of the performance of all allied party blocs on the main voting sessions in 1995, has been used by ministers to grant or reject requests by lawmakers. This attitude has provoked annoyance among those lawmakers.

After evaluating the behavior of deputies and senators of each government party, Planalto Palace rated them according to a "loyalty percentage index." Lists for each party were sent to the respective leaders last week. Among the members of President Fernando Henrique Cardoso's party, Tuga Angerami (SP) [Sao Paulo] emerged as the champion of disloyalty; the list states that he backed the opposition in 38 percent of all voting sessions, and was absent for 9 percent of the sessions that were considered.

Indignant over the procedure by Planalto Palace, Angerami told his colleagues that PSDB mayors in Sao Paulo State stopped receiving funds for sanitary projects after his request were rejected by the Planning Ministry. Ranking after Angerami among the "disloyal," are: Flavio Arns (PR) [Parana] with 33 percent, Roberto Franca (MT) [Mato Grosso] with 26 percent, Domingos Leonelli (BA) [Bahia] with 24 percent — his sanitary project amendments were also suspended — Simao Sessim (RJ) [Rio de Janeiro] with 22 percent, Luiz Piauhylino (PE) [Pernambuco] with 21 percent, and Ezidio Pinheiro (RS) [Rio Grande do Sul] with 19 percent.

Those who opposed the government in 10 percent or more of the voting sessions are Deputies Eduardo Barbosa (MG) [Minas Gerais] with 17 percent, Salomao Cruz (RR) [Roraima] with 13 percent, Welson Gasparini (SP) with 11 percent, Jovair Arantes (GO) [Goias] with 11 percent, Firmo de Castro (CE) [Ceara] with 10 percent, Edson Soares (MG) with 13 percent, Feu Rosas (ES) [Espirito Santo] with 11 percent, Marconi Perillo (GO) with 15 percent, Luciano Castro (RR) with 10 percent, Candinho Mattos (RJ) with 12 percent, Marinha Raupp (RO) [Rondonia] with 10 percent, Paulo Mourao (TO) [Tocantins] with 12 percent, and Jose Chaves (PE) with 10 percent. The most loyal lawmakers, with a loyalty index above 90 percent, are Arnaldo Madeira (SP) with 94 percent, Arthur Virgilio (AM) [Amazonas] and Rommel Feijo (CE) both with 92 percent, and Luiz Carlos Hauhy (PR) and Pimentel Gomes (CE) with 91 percent.

The list compiled by party — which was compiled by the Civilian Household with the help of the General Secretariat of the Presidency and the Ministry of Political Affairs — was used to prepare another global list of the 73 allied bloc lawmakers who most consistently voted against the government. Although the government officially denies its existence, the "list of the disloyal" has warmed the atmosphere of confrontation between the executive branch and Congress. It has caused so much confusion over the past few days that the PSDB recently labelled it "a political stupidity."

The "list of the disloyal" has provoked violent reactions. Displeased over budget cuts and the criteria for making allocations, lawmakers — especially those of the PMDB [Brazilian Democratic Movement Party] and the PFL [Liberal Front Party] — swamped the telephone lines of the Planning Ministry, which manages the largest share of the allocations — 279 million reals. Andrea Calabi, Seplan [Secretariat of Planning and Coordination of the Presidency of the Republic] executive secretary, received 98 phone calls from lawmakers in just one afternoon.

Government and government party leaders also worked hard to explain the "index of disloyalty" to their colleagues. They removed from the list those who were "unfairly" included, for example, those who did not report for sessions for health reasons. Yet quelling the revolt by those who listened to ministers who told them their requests would not be granted because they were in a disloyal team was the hardest thing to accomplish. "This cannot be said to a lawmaker," one ally claimed, adding: "It would have been better to give just any technical excuse."

The ranking of the disloyal also fueled criticism from the opposition. "This is the return of the famous lists of opportunism, said Deputy Paulo Bernardo (PT-PR) [Workers Party], who said all week long he had heard complaints from his colleagues.

Brazil: Manipulation of Budget Allocations Denied

PY1107154996 Rio de Janeiro O GLOBO in Portuguese 9 Jul 96 p 5

[Report by Maria Lima]

[FBIS Translated Text] Brasilia — In light of the problems caused by the return of the reports on advantages

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given to PSDB [Brazilian Social Democracy Party] lawmakers and candidates for the provision of allocations, the government took action to give explanations and to calm down allies. Presidential spokesman Sergio Amaral on 8 July said that the ministries must give an explanation, because it was the ministries which gave the government the justification to either accept or reject the amendments that the lawmakers made on the Union's Budget. According to Amaral, the executive branch has promised to keep spending under strict control, and allocations were not subject to political manipulation.

"The president is fully confident that the provision of allocations is not tied on political objectives," he said.

At the Planning Ministry, Minister Antonio Kandir personally authorized all the cuts and approvals of amendments to the Union's General Budget — which has been the target of charges pressed by PFL [Liberal Front Party] and PMDB [Brazilian Democratic Movement Party] allies — according to statements by Seplan [Secretariat of Planning and Coordination of the Presidency of the Republic] executive Secretary Andrea Calabi. Accused by PMDB leader Jader Barbalho (PMDB-PA) [Para] and by other politicians to lead the distribution of allocations, Calabi explained the process of selection of projects, trying to prove that he is not responsible for the selection.

He said: "Kandir delegated the task of analyzing the projects and making the vetos to me, because it was necessary to cut 550 million reals [R] from the approved amendments, which total R1 billion. Yet Kandir has been aware of everything. This is how all selection processes are made. Those who are selected are happy, and those who are eliminated are not. That is the reason for so many complaints." He admitted, however, that the amendments proposed by blocs may be used for political manipulation, because in this case the governors are responsible for the distribution of the allocations to the counties.

Brazil: Inflow of Dollars Worries Central Bank

PY1107153796 Sao Paulo GAZETA MERCANTIL in Portuguese 9 Jul 96 pp a1 b2

[Article by Ivanir Jose Bortot in Brasilia]

[FBIS Translated Text] Brazil is experiencing the same process of strong capital inflow that Chile endured, a fact that is worrying Cer al Bank (BC) officials. BC International Director Gustavo Franco told this newspaper: "We have begun the same process Chile went through — which is the excessive inflow of hard currency. Reserves have increased considerably. We would not like them to grow too much."

The strong inflow of direct investments and of "commercial papers" [preceding two words in English] and "notes" [preceding word in English] raised abroad by Brazilian companies has helped to push Brazilian international reserves beyond the $61 billion line in June. Brazilian reserves amounted to $35.5 billion in January 1994. Franco did not confirm or deny the possibility of adopting measures to stop the inflow.

"We are always studying measures. We can create or eliminate restrictions. There is a cost for maintaining reserves which is not so big, given the drop of the interest rate differential. The reserve increase currently has a single cost, which is the fiscal cost," Franco said.

He estimated the annual cost of maintaining the reserves is 0.5 percent of the GDP. Even though he minimized these effects, Gustavo Franco said he is "exchanging figures with Chilean monetary authorities" on the economic opening process and control of the inflow of foreign capital.

"The Chileans told us of their experience with capital inflow. They lived through a time when the interest rates differential was high and they thought the capital inflow was due to that. It was not. It was investment money. The interest rate differential dropped and the investments continued to increase. Chile has restrictions even on straight investments. Chile encourages capital outflow through incentives to get their local pension funds and companies to invest abroad," Franco said.

Brazilian companies could follow the same path, he said. This could be a way to reduce the volume of reserves. With the current economic opening process, national companies could become multinationals. "It kind of thing did not happen before because Brazil was isolated," he said.

The current abundance of foreign resources is the result of the economic opening process and the stability of the real. Until 1982 Brazil received 5 percent of its GDP in direct investments. "Then came the mess and the prefixed interest rates [certificates that earned a flat interest rate without monetary correction]. It was decade of exchange crisis and inflation," he said. By the beginning of the 1990's, the participation of foreign capital had dropped to 0.5 percent of the GDP.

"We have lost the golden years of foreign investment. Our policy was to maintain a 90 percent nationalization rate," Franco said. Notwithstanding, Brazil jumped from a 17 billion reals [R] investment flow in the 1980's to R44 billion in 1994. During the same period, Spain raised its foreign investment inflow from R5 billion to R134 billion.

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The economic opening process is not the only determining factor now in maintaining the inflow of capital. "Commercial papers" and "notes" with a minimum three-year maturity term must pay a 5 percent Financial Operations Tax (IOF). The Central Bank is very strict in authorizing foreign currency investments in Brazil. Despite these restrictions, Brazilian companies raised R10 billion abroad between January and June this year.

The Central Bank has been controlling the excessive inflow of foreign capital since 1994. Despite measures by the Central Bank — like reducing the domestic interest rate differential to 11 percent — the inflow of direct foreign capital has not ceased.

Franco said it is very difficult to administer either an excess or a scarceness of foreign resources. "Time passes and things consolidate. There is improvement regarding the fiscal problem. The reforms are being voted on in Congress. This is an economy without surprises," he said.

The step backward by Brazil in the automobile and toy industries should not imply any macroeconomic problem. Consumers will lose out over the protection given to these two industries, but Brazil will benefit. The trade balance will not change greatly. Not even the current account balance will be affected. Consequently, there is a growing trend in the accumulation of foreign reserves, given that the level of foreign capital is more than enough to finance the deficit of the current account transactions.

Brazil: Army Concerned Over Late Guerrilla Leader's Death

PY1107145596 Sao Paulo FOLHA DE SAO PAULO in Portuguese 9 Jul 96 Section 1 p 9

[Report by Sonia Mossri]

[FBIS Translated Excerpt] Army Minister Zenildo de Lucena is pressuring President Fernando Henrique Cardoso, seeking to prevent the recognition of state responsibility for the death of guerrilla Carlos Lamarca.

The Army high command believes the eventual recognition of the state responsibility might cause dissatisfaction among the troops.

The main argument is that such recognition would mean criticizing the military who at that time were fulfilling their constitutional duties: Fighting guerrillas.

The guerrilla role of Army Captain Carlos Lamarca remains a taboo issue for the military. Until today he is considered a traitor.

For the Armed Forces, recognizing the responsibility of the state for the death of Lamarca would be equivalent to condemning the troops who fought the guerrillas in the 1960's and 1970's.

FOLHA has learned that President Cardoso is concerned about the possibility of facing the first crisis between his government and the military sector.

General Alberto Cardoso, chief of the Military Household of the Presidency, calmed the military with the help of Justice Minister Nelson Jobim.

Gen. Cardoso, who the Army considers a professional military man, undertook the task of calming his colleagues.

The Army is using new arguments in its effort to prevent a possible recognition of the state responsibility for Lamarca's death.

The main arguments are the division that it would cause among the military, and the intimidation of the troops if the Army has to take action in order to fulfill its constitutional duties in the future. [passage omitted]

On 8 July, the Army reacted to the possible recognition of the state responsibility for Lamarca's death.

An official Army communique refers to Lamarca as a "terrorist," accuses him of being a "traitor," and refuses to consider a new interpretation of his death in 1971.

A report by specialists at that time mentioned the possibility that Lamarca could have been murdered; not killed during combat as the official report contended.

A communique released early this afternoon states: "Irrespective of other considerations, terrorist Lamarca died in combat against loyal forces and will always represent treason, desertion, terrorism, and the breaking of the sacred oath of an officer."

In the communique, the words "combat" and "irrespective of other considerations" are italicized.

General Oswaldo Gomes, the Armed Forces' representative on the commission of missing people, said there is concern about the possibility of Lamarca's relatives receiving compensation from the state. He stated: "The military are following the case. They do not make any statements because they are not allowed to, but they would certainly dislike such a measure."

Oswaldo Gomes said those who advocate the recognition of the state responsibility for Lamarca's death "have the ideological objective of undermining the Armed Forces' morale."

Captain Carlos Lamarca, who deserted the Army, was killed in Brotas de Macaubas (BA) [Bahia] on 17 September 1971 during an operation headed by Nilton

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Cerqueira, current security secretary of Rio de Janeiro State.

A report on a study on Lamarca's body, which was published by the newspaper O GLOBO on 7 July, says that he was hit by seven shots, three of them in his back. The guerrilla appeared to be affected by malnutrition. Lamarca was one of the main leftist leaders who joined the armed struggle against the military regime.

Oswaldo Gomes contends that although it says a military team wanted to kill him, the report does not prove Lamarca was murdered. [passage omitted]

Brazil: FHC Allies Score Funds' Release to PSDB

96SM0427A Sao Paulo FOLHA DE SAO PAULO in Portuguese 9 Jul 96

[Article by Sonia Mossri: "Public Funds: FHC Allies Attack Planning Ministry" — received via Internet]

[FBIS Translated Text] Parties that support the administration criticize the special treatment given the PSDB [Brazilian Social Democracy Party] in the release of funds.

Brasilia—President Fernando Henrique Cardoso will spend the next few days managing a crisis in the pro-government bloc that was caused by the fight to obtain funds for municipalities in an election year. The leaders of the PMDB [Brazilian Democratic Movement Party], PFL [Liberal Front Party], PTB [Brazilian Labor Party], and PPB [Brazilian People's Party] accuse the Ministry of Planning of favoring PSDB members in its distribution of the most hotly contested funds: those for sanitation and housing. Minister Luiz Carlos Santos (Political Affairs) is afraid that that dissatisfaction will have an effect on votes that the administration is interested in winning during this month's special session of Congress.

Vote for Reforms

Planalto Palace is counting on the votes of the pro-government bloc in the Chamber of Deputies to get administrative reform, the CPMF (temporary tax on financial movement), and tax reform underway. Because of complaints by congressmen, Luiz Carlos Santos has had clashes with Andrea Calabi, executive secretary of the Ministry of Planning. Calabi is responsible for ensuring that the release of funds requested by politicians is technically feasible. According to the executive secretary, his ministry signed agreements with municipalities in accordance with strictly technical criteria. He has said that if there are formal complaints of irregularities, he intends to call in the Federal Police.

FOLHA DE SAO PAULO has learned that Santos told congressmen that the Ministry of Planning could have made a more rational distribution of funds.

Leaders Criticize

Agreeing with the minister are the leaders in the Chamber of Deputies of the PFL (Inocencio Oliveira of Pernambuco), and the PMDB (Michel Temer of Sao Paulo).

The PMDB leader in the Senate, Jader Barbalho (Para), is also making no secret of his dissatisfaction. He says that the PSDB benefited from funds in Para.

Maria Emilia Rocha Mello, secretary of urban policy, is in charge of the Ministry of Planning's sanitation and housing programs. She also said that "technical criteria" were used.

Work Plans

Maria Emilia pointed out that at the beginning of May, the DIARIO OFICIAL DA UNIAO had published "work plans," which are similar to a preliminary project, so that the municipalities would know the requirements when they applied for the programs.

According to the secretary of urban policy, experts at the Federal Savings Bank analyzed the projects. In all, 1,043 agreements totaling 308 million reals were signed with municipal governments.

Brazil: PSDB Receipt of Budget Funding Discussed

96SM0427B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Jul 96

[Unattributed article: "PSDB Receives Most of Funds" — received via Internet]

[FBIS Translated Text] Brasilia—As was true in the case of the Ministry of Planning, the budget funds distributed by the Ministry of Agriculture last week as a result of congressional amendments also favored states and congressmen belonging to the PSDB [Brazilian Social Democracy Party], President Fernando Henrique Cardoso's party. Of the 36 million reals released by Minister of Agriculture Arlindo Porto for rural electrification programs, the cooperative movement, agricultural assistance, and assistance for producers, 4.5 million reals (12 percent) went to Ceara, whose governor is Tasso Jereissati of the PSDB.

Over half of that money was handed over as a result of amendments submitted by PSDB congressmen. Minas Gerais, the minister of agriculture's home state, which is also governed by the PSDB, is in second place with 3.4 million reals. Arlindo Porto's municipality, Patos de

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Minas, obtained 400,000 reals thanks to an amendment by Deputy Antonio Valle (PMDB [Brazilian Democratic Movement Party]). The good relationship which Porto and the PTB [Brazilian Labor Party] enjoy with the PMDB in Minas Gerais was made clear by the release of funds covered by several amendments by Fernando Diniz (PMDB), who obtained over 700,000 reals for his strongholds.

Bahia—After Ceara and Minas Gerais, Bahia—governed by the PFL's [Liberal Front Party's] political bosses—is the state receiving the third-largest amount at 2.7 million reals. In Bahia, those with the most power to get amendments approved were the PTB's congressmen—Arlindo Porto's fellow party members. Seven amendments by Deputy Felix Mendonca (PTB) totaled 1.4 million reals. He was followed by Deputy Ursicino Queiroz (PFL) with 540,000 reals.

Rio Grande do Sul also received a sizable sum of money: about 2.7 million reals. The South Region's ruralist leader, Deputy Hugo Biehl (PPB [Brazilian People's Party], Santa Catarina), had two amendments paid by the Ministry of Agriculture, but the Santa Catarina representatives with the most amendments approved were Senators Vilson Kleinubing (PFL) and Esperidiao Amin (PPB), both former fellow senators of Minister Arlindo Porto.

Para, whose governor is Almir Gabriel (PSDB), ranks fifth: it obtained about 2 million reals. The Ministry of Agriculture was also careful to implement amendments by congressmen running for mayor: Rita Camata of the PMDB in Espirito Santo and Roberto Magalhaes of the PFL in Pernambuco had funds released for their cities.

Brazil: Outcries Over Favored Budget Funding Viewed

96SM0427C Rio de Janeiro JORNAL DO BRASIL in Portuguese 9 Jul 96

[Editorial: "Bermuda Triangle" — received via Internet]

[FBIS Translated Text] The executive branch owes us an explanation of the criteria it has been using to release funds from the Union Budget, especially in the form of agreements with the mayors. The general outcry in Congress involves the complaint that there is political favoritism and that only the administration's friends are receiving money for their cities.

No one knows for certain whether the budget is actually being used as a commodity in shady dealing for votes. But the simple fact that the executive branch is not publicly explaining the criteria it uses in determining that A or B but not C will receive funds justifies the assumption that some kind of deal of an as yet unexplained nature is being made.

And that means that this is an excellent time for us to resume a debate which was left unresolved at the time of the CPI [congressional investigating committee] on the budget. It was seen then that congressmen were manipulating part of the Union's money for political purposes. There was a bit here for Mom's foundation, another bit there for an aunt's charity organization, and a sizable amount for a friend's construction firm, and so it went for years—until someone denounced the fraud and an investigation put the guilty through hell.

For a time thereafter we had the feeling that the chosen path was a restoration of morality, not widespread, general, and unrestricted enrichment.

So much so that last year's Budget Committee, being closely watched, managed to keep its work within the bounds of decency. The rapporteur, Deputy Ibere Ferreira, received amendments totaling 40 billion reals and managed, in cooperation with the deputies, to reduce that amount to 800 million reals. But even that added up to a potful of money that the executive branch decided to cut on the grounds of "frustrated revenues," as Andrea Calabi, executive secretary of the Ministry of Planning, expressed it.

All very fair, considering that congressional participation in the budgetmaking process is merely permissive and it is the executive branch which wields the pen when it comes to releasing or not releasing funds.

What is not fair, and what brings us back to the unresolved debate from the time of the CPI, is the lack of criteria in connection with that same release of funds. For example, whereas the municipal governments in Belo Horizonte and Porto Alegre, both administered by the PT [Workers Party], did not see the color of any money at all, the mayor of Contagem—a PSDB stronghold—received 2.46 million reals. He would have received 4.2 million reals, but Deputy Newton Cardoso of the PMDB [Brazilian Democratic Movement Party] complained to Minister Luis Carlos Santos and the appropriation was reduced.

Well now, either Contagem really needed 4.2 million reals or the release was authorized and later reduced for political reasons.

What the administration says is that the "technical area" is responsible for the release of funds. That explanation does not suffice, because anything will fit under the umbrella of "technical area." And the lack of a more detailed explanation leads one to suspect that there is an open drain under the budget. It is precisely the one

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that was not discussed three years ago: the opening in the cashbox.

The rapporteur for the budget in Congress, Ibere Ferreira, says he is "frustrated" by the way in which the government is executing the budget, and Paulo Bernardo, his deputy rapporteur, feels that it is still too early to ascertain exactly whether or not there has been a suspicious manipulation of funds, but he says that the executive branch's opaque behavior is odd to say the least.

Jose Genoino was not a member of the Budget Committee, but he discerns a transposition of movement: "Congress did make an effort to change. It got control of the spree in appropriations, but from the looks of things, the spree in releasing funds is continuing." The PT deputy revives an old idea to the effect that the budget is a "Bermuda Triangle" consisting of Congress, the executive branch, and lobbyists.

With vigilance over the legislative branch and over the uncontrollable behavior of lobbyists having been established, it remains to demand from the administration a firm and unquestionable stand on who distributes those funds and how he does it.

Minister of Political Coordination Luis Carlos Santos says the matter is not up to him, and Minister of Planning Antonio Kandir reports that the matter falls within the purview of his executive secretary, Andrea Calabi—who, until further notice, is subordinate to the minister. For their part, the deputies claim that the decisionmaking center is in Planalto Palace and, more specifically, in the office of Luis Carlos Santos.

No matter who is responsible, President Fernando Henrique Cardoso could very easily order him to go public and explain whether or not the administration makes its proteges loyal depositaries of the budget.

Chile

Chile: FM Asks U.S. To Present Evidence on Samper

PA1207033196 Panama City ACAN in Spanish 0058 GMT 12 Jul 96

[FBIS Translated Text] San Jose, 11 Jul (ACAN-EFE) — Chilean Foreign Minister Jose Miguel Insulza today asked Washington to present evidence linking Colombian President Ernesto Samper to drug trafficking, considering that his U.S. visa was revoked for that reason.

Insulza, who is accompanying President Eduardo Frei on an official visit to Costa Rica which began today, said that the U.S. measure is "worrisome and extraordinarily serious." Therefore, he added, the grounds for adopting such an action should be explained; in other words, Samper's presumed links with drug trafficking.

Insulza said that it was not his intention to judge the decision announced today by the State Department. At the same time, however, he said that the Rio Group will analyze this matter during its next meeting in early September.

"We respect the U.S. decision," Insulza stressed, but he also warned: "We expect to be informed on what basis that measure was adopted."

Insulza said that, although it is a "symbolic measure," it should be analyzed by the government leaders on the continent, due to its importance.

Insulza met today in San Jose with several Central American foreign ministers, with whom he "briefly" discussed the subject.

The Central American foreign ministers have not commented on the State Department's decision.

Chile: Frei's Visit Marks New 'Offensive' in C.A. Ties

PY1207022196 Madrid EFE in Spanish 1909 GMT 10 Jul 96

[FBIS Translated Text] Santiago, 10 Jul (EFE) — With the first visit of Chilean President Eduardo Frei to Central America where he will meet with his counterparts of that region, Chile is beginning a new diplomatic offensive to strengthen political and cultural ties to set the groundwork for a free trade agreement.

After Chile's association to the Common Market of the South (Mercosur, made up of Argentina, Brazil, Paraguay, and Uruguay), the strengthening of relations with Central America is defined as one of the priorities of the Chilean foreign policy toward that zone.

Chilean interests are similar to those of Central American countries, the Foreign Ministries of which have also conveyed their interest in maintaining a privileged relationship with this South American country, especially after its association to Mercosur and also because of its possible entry into NAFTA which comprises Canada, the United States, and Mexico.

This was confirmed to EFE by Panama's Labor and Social Welfare Minister Mitchell Doens who is visiting Santiago. Doens said that Chile "is an important economic reference for Latin America" because it has been "very crafty" in combining its economic growth with social solutions.

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He added: "It has a really spectacular dynamic economic action, and Chile has suddenly become a point of reference for our Latin American countries, which maintain or have maintained protectionist and paternalistic measures, which have been closed to the world with high tariffs, and which have excessively protected capital and the labor sector."

Panamanian Education Minister Pablo Thalassinos, who is also visiting Chile together with Doens, learning about a program on professional training, also agreed that in Central America Chile is looked at "as a successful model."

The "Democratic Transition and Governability" seminar that began today in the Costa Rican capital with the presence of ministers, congressmen, and political leaders of the region, and which was organized by the Chilean International Cooperation Agency, is an example of the Chilean interest for its Central American counterparts.

This is added to the first "Chile-Central America" entrepreneurial meeting organized by the Chilean Association of Exporters of Manufactured Products with its Central American counterparts and which will gather in San Jose on 12 July more than 200 Chilean businessmen and a similar number of Central American businessmen.

According to the Chileans, the essential idea is to explore new business opportunities in the Central American market, which has 35 million inhabitants.

The most important political event during the visit of Chilean President Eduardo Frei to San Jose will be the meeting the Chilean president will hold on 12 July with the presidents of Costa Rica, Panama, Nicaragua, Honduras, Guatemala, El Salvador, and Belize.

On that occasion, Chileans and Central Americans expect to set the groundwork for a free trade agreement between Chile land those seven countries.

Trade between Chile and Central America has experienced a gradual increase over the past few years, mostly since 1990.

While in 1993 trade balance totaled $72.6 million, in 1995 it reached $115 million.

During that period, Chilean imports of Central American products increased from $19.3 million to $51.3 million, while Chilean exports increased only from $53.3 million to $64.1 million.

Concerning markets for Chilean shipments, Panama is the main importer with 35 percent of the total, followed by Guatemala with 24 percent, Costa Rica with 22 percent, El Salvador with 11 percent, Honduras with 7 Percent, and Nicaragua with only 1 percent.

Beginning with the reinstatement of democracy in 1990, Chile established an horizontal cooperation program with Central America for training of human resources, and technical cooperation in the areas of state modernization, productive development, economic development, health, and against poverty.

Cooperation with that region is made through a triangular system beginning with resources from donor countries such as Japan and Germany, to take advantage of the Chilean technical experience.

Chile has a budget of $5 million annually for cooperation programs, and Central America is one of its main beneficiaries.

Chile: Court Dismisses Case of Arms Smuggling to Croatia

PY1107174696 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 11 Jul 96

[FBIS Translated Text] The military court has definitely closed the pre-trial inquest on the smuggling of guns to Croatia. The incident that occurred five years ago involved Chilean military.

[Begin unidentified reporter recording] The shipment of 11 tonnes of guns manufactured by FAMAE [Army Ordnance] was discovered in 1991. The arms were being smuggled to the war that was just starting in Croatia. The shipment, which was worth over $200,000, was detected by Interpol in Hungary.

The case was submitted to the military court which charged five military personnel with customs fraud. Yesterday, however, the military courts definitely dismissed the pre-trial inquest. [end recording]

Chile: Luxembourg Expected To Invest in Infrastructure

PY1107171596 Santiago EL MERCURIO in Spanish 9 Jul 96 p C2

[FBIS Translated Text] A Luxembourg Government and business delegation will visit Chile in October 1996 to explore the possibility of investing in infrastructure projects in our country.

This was one of the subjects Foreign Minister Jose Miguel Insulza discussed yesterday with officials of that country within the framework of an official visit he made to that country, during which he also verified the Luxembourg support for a quick Parliament ratification of the new framework agreement between Chile and the European Union (EU).

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Insulza today will visit Brussels, Belgium, where he will meet with Manuel Marin, Vice President of the European Commission, among other activities.

In the evening, he will leave for Greece, where he will arrive at approximately midnight (local time).

Concerning Insulza's agenda in Luxembourg, it was said that the participation of the Luxembourg capital in infrastructure projects in our country, namely in highways and ports, was one of the main subjects of the ministerial agenda.

These possibilities were discussed both at the meeting with the Luxembourg Chamber of Commerce and with Robert Goebbels, Minister of Economy and Public Works. It was announced that within this framework Goebbels will visit our country in October 1996 with a large delegation of businessmen and Luxembourg bank officials.

Foreign Minister Insulza was welcomed on Sunday afternoon by Prime Minister Jean-Claude Juncker. They discussed the political and economic effects of the recent agreement between Chile and the EU. Juncker conveyed to him the Luxembourg interest in achieving a quick approval of that treaty by the Luxembourg Parliament as well as by all congresses of countries members of the treaty.

This subject was also discussed at the meeting Insulza held with Vice Prime Minister and Minister of Foreign Affairs Jacques Poos, with whom he also reviewed a broad agenda of bilateral interests.

Both Insulza and Poos noted the Luxembourg government intention to consolidate the framework cooperation agreement between Chile and the EU and begin, as soon as possible, the process of lifting tariffs and studies to implement it.

Moreover, the Luxembourg vice prime minister has promised his country's Parliament support for the agreement, and Insulza thanked him for the support given to Chile in the process preceding the signing of the agreement.

After the meeting with Poos, the foreign minister met with Jos Scheuer, Vice President of the Chamber of Deputies, with whom he agreed to foment the possibility of an agreement between the two congresses or to create a binational commission between the two legislative branches.

Insulza also held a meeting with Education Minister Ilras Mounicot-Schoopges. Insulza explained to her the new educational plans promoted by President Eduardo Frei. The Luxembourg minister expressed to him her government's interest in conducting some cooperation projects in this field.

With the Minister of Social Security, Transport, and Communications, Insulza signed a joint cooperation statement on social security, which seeks to benefit a large number of Chileans who have lived in Luxembourg for about 20 years.

Chile: Police Seize 600 Kg of Cocaine on Colombian Ship

PY1107160496 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 7 Jul 96

[FBIS Translated Excerpt] Carabineros seized a total of 600 kg of cocaine hydrochloride, the largest drug load ever discovered in Chile. The drug load was seized at the San Antonio port.

[Begin unidentified reporter recording] In a joint operation, Carabineros OS-7 [Special Operations Squad] department and Customs Office personnel seized a drug cargo hidden in vats aboard the FMG Santiago that had sailed from Buenaventura Port, Colombia.

Sources close to the investigation reported that last May, the OS7 department learned about the drug shipment from one Carabineros member not attached to the OS7 department who had been alerted about the cocaine cargo. In view of this, OS7 members and Customs Office officials proceeded to raid the ship after its arrival at San Antonio port.

The vats where the drug was hidden were inside a container which was addressed to a deceased individual. The container was taken to a Carabineros building in Valparaiso. So far only 200 of an estimated 600 kg of cocaine hydrochloride have been unloaded. The drug shipment was headed for the United States and the drug organization responsible for the drug operation was using Chile as a transit country with the purpose of finding a new drug trafficking route for shipments heading for the United States.

In several operations conducted in Santiago and the Fifth Region by undercover agents, Carabineros arrested eight individuals, among them one woman and one former international organization official — both of whom are Colombian — who appeared to be brokers in the operation. [passage on unrelated material omitted] [end recording]

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Colombia

Colombia: Samper on 'Head Held High' After Visa Revoked

PA1107200196 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 11 Jul 96

[Report by Ana Fernanda from Narino Palace in Santa Fe de Bogota; from the "National Newscast"; monitored from live relay by Lima Sistema Unido de Retrasmision Television]

[FBIS Translated Text] Minutes prior to learning of the decision of the U.S. State Department to revoke his visa, President Ernesto Samper had to preside over the ceremony to bid farewell to the delegation that will represent Colombia in the Atlanta Olympic Games. He received a call from U.S. Ambassador Myles Frechette, who informed him of the decision.

The president, who was visibly upset, presided over the event nonetheless and, without the participants knowing about the decision, talked about Colombia's sovereignty and what would happen from now on despite the pressure the United States is exerting:

[Begin Samper recording] The international incomprehension that sometimes characterizes our relations with other countries does not matter; the fact that we somehow have to continue to put up with the stigma of a problem that does not pertain only to us does not matter. Being misinterpreted or having our rights abused does not matter. We Colombians have to continue with our head held high by defending these values, these principles, and, above all, our right to autonomously and independently continue to steer our fatherland's destiny. This is why when you are competing, when you are jumping, when you are running, when you are swimming; you will be running, jumping, or swimming for Colombia. [end recording]

[Announcer Maria Beatriz Echandia] The news conference U.S. State Department Spokesman Nicholas Burns held ended in Washington a few minutes ago. Is it, the revocation of the visa of Colombian President Samper was officially announced. On several occasions, Burns stressed to reporters that Samper is not welcomed in the United States. He also stressed that this is a sanction specifically aimed at President Samper, not at the Colombian people, because he acknowledged the work various people in the country have done in the fight against drug trafficking.

In addition, he explained the arguments the U.S. Government has to revoke Samper's visa: the government based this decision on Section 12-A of the U.S. Immigrants Law, which allows the United States to ban people who do not cooperate in the fight against drug trafficking from entering the country.

Colombia: Politicians React to Samper's Visa Revocation

PA1107200996 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 11 Jul 96

[From the "National Newscast"; monitored from live relay by Lima Sistema Unido de Retrasmision Television; passages within quotation marks are recorded]

[FBIS Translated Text] Spokesmen for the political parties have reacted to the revokation of President Ernesto Samper's U.S. visa.

[National Reconstruction Movement leader Enrique Parejo] "I believe it is serious for Colombia that the president had his visa revoked and is barred from entering the foremost world power and Colombia's main trade partner. And it was not revoked unjustly, as Samper would lead us to believe, but as a result of his connections to drug trafficking."

[Conservative National Directorate President Jaime Arias Ramirez] "The short-term consequence will be that Colombia will be presented to the world as a country whose president has been denied a U.S. visa. It is a very embarrassing situation. I do not believe, however, that Colombia would dare to sever ties with the United States. This administration will be increasingly more vulnerable to the requests of that country."

[Senator Jose Luis Mendoza] "I believe that the National Congress and the government have to react on an issue that is vitally important for the development of international relations between the United States and Colombia."

Colombia: Analysts Say Revocation of Visa 'Very Serious'

PA1107202696 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 11 Jul 96

["National Newscast"; monitored from live relay by Lima Sistema Unido de Retrasmision Television]

[FBIS Translated Text] There is excitement in Colombia over the announcement that the U.S. Government has revoked Colombian President Ernesto Samper's visa. Ana Fernanda Valderrama will report from Narino Palace. Good afternoon, Ana Fernanda. Has there been any Colombian Government official reaction or position regarding this news?

[Valderrama] Good afternoon, Yolanda. A special meeting is being held in the Narino Palace with the par-

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ticipation of President Samper, outgoing Foreign Minister Rodrigo Pardo, incoming Foreign Minister Maria Emma Mejia, and international affairs advisers to the Colombian Government. The Colombian Government's spokesman has not yet announced an official position, but it has been reported that U.S. Ambassador Myles Frechette will arrive at Narino Palace in a few minutes. We have President Samper's remarks a few minutes before the revocation of his visa was announced to the world. Samper was presiding over an event to bid farewell to the Colombian delegation that will fly to the Atlanta Olympic Games. We will come back later with this reaction and others. Over to you, Maria Beatriz.

Thanks, Ana. We will stand by. The cancellation of President Samper's visa will surely have serious consequences in view of the political crisis in the country. Let's listen to what analysts have to say.

[Begin recording] [Political analyst Pedro Medellin] This is a precursor to economic sanctions, but in particular, a precursor to a legal trial against President Samper in the United States. This trial will be reported by the media and will affect both commerce and the economy. Colombian producers and exporters will be the most seriously hurt.

[Analyst Elizabeth Ungar] This is very serious; it reveals that the U.S. Government is after President Samper rather than the government or the country. It is a confirmation that, as long as President Samper continues in office, it will be very unlikely for relations with the United States to return to normal. [end recording]

Colombia: Congress President on Decision To Revoke Visa

PA1107202796 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 11 Jul 96

[From the "National Newscast" monitored from live transmission by Lima Sistema Unido de Retramision]

[FBIS Translated Text] We are continuing to receive reactions to the United State's decision to revoke President Samper's visa. Congress President Julio Cesar Guerra Tulena a while ago reacted to the U.S. Stae Department's decision.

[Begin Guerra recording] Well, why rush and make a pronouncement? It is preferable to wait until things settle down. Most naturally, there will have to be some type of reaction not only from the government or congress, but Colombia's dignity will also have to react. The president... [pauses] there are some, whom I shall refer to as stateless individuals, who have already expressed themselves clearly on this situation and support the U.S. decision. They also strive to prompt the United States into decidedly interfering in Colombia's affairs. Well, I must say that first and foremost is the nation's dignity, which is nothing less than what is included within our boundaries. After the country's dignity, come the desires and interests of the political parties, and even those of the stateless individuals whom I have already alluded to. [end recording]

Colombia: Government Reacts to Suspension of Samper's Visa

PA1107231596 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2200 GMT 11 Jul 96

[Report by Gilbert Vega]

[FBIS Translated Text] Your attention please. We are reporting from Narino Palace. The National Government has just expressed its indignation over the U.S. Government's decision to suspend the travel visa to that country for President Ernesto Samper Pizano. In a four-point statement, the executive branch said that the measures are unilateral and interventionist and ignore the Colombian people's determination to struggle against drug trafficking and [words indistinct] the president of the Republic symbolizes national unity and sovereignty.

Foreign Minister Rodrigo Pardo Garcia-Pena has just read the statement at Narino Palace.

[Begin Pardo recording] The U.S. Government does not have a clear understanding of the Colombian juridical system. The judicial system has publicly handled the case related to the financing of the last presidential campaign, as well as President Ernesto Samper's conduct. In a clear and conclusive manner, the Chamber of Representatives, which according to the Colombian Constitution is the institution that must judge the president of the republic, recently acquitted the president of all charges against him. [end recording]

The National Government's statement noted that the authorization of this type of mechanism as part of the international policy of any country in its relations with other nations is unacceptable and constitutes a serious interventionist precedent.

The executive branch warned in its statement that decisions of this nature do not contribute to strengthening the joint struggle that all countries in the world must wage against criminal drug trafficking organizations or to attain objectives such as the arrest of the Cali cartel leaders, which occurred during the Samper administration.

The National Government stressed that Colombia will continue waging its firm struggle against drug trafficking alone or with others, without accepting any form

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of foreign pressure. The document added that Colombia will reiterate the urgency of calling upon the solidarity of the international community on a subject that cannot be handled unilaterally. Finally, the statement from the presidency of the republic, read by outgoing Foreign Minister Rodrigo Pardo Garcia-Pena, said that President Ernesto Samper will only refer to the subject before the UN General Assembly in September.

Colombia: Vice President Urges Samper To 'Keep His Cool'

PA1207012296 Santa Fe de Bogota Radio Cadena Nacional in Spanish 0018 GMT 12 Jul 96

["Text" of communique issued by Vice President Humberto De La Calle Lombana in Madrid, Spain, on 11 July 1996]

[FBIS Translated Text] The cancellation of the visa of President Ernesto Samper by the U.S. Government, which for many people represents an exaggerated decision, is a serious incident which places our ties with that country at their worst moment in contemporary history. It is possible that other events will occur, further worsening that relationship.

Consequently, I have considered wrong the aggressive statements made by several Colombian officials against the United States. The circumstance that broad sectors of national and international public opinion have questioned in the decision of the Chamber of Representatives has undoubtedly influenced today's episode.

Chamber President Dr. Rodrigo Rivera has warned about this in an important document. The U.S. decision confirms, unfortunately, what I stated during my recent visit to the country, namely, that the situation of Colombia is more complicated than what many people feel. We must not forget that Colombia and the United States have been allies in the struggle against drug trafficking, and that a weakening of this alliance will only benefit criminals.

The president of the republic must keep his cool at such a difficult moment for him and, above all else, for Colombia. He will surely state his views on this delicate issue, which will allow us to have a broader view on this subject.

[Dated] Madrid, 11 July 1996

Colombia: State Official Says U.S. Mission Must Leave

PA1207013696 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 12 Jul 96

[From the "24 Hours Newscast"]

[FBIS Translated Text] [Announcer] Attention: We have a last minute report by J.J. Pinilla from the Council of State. Go ahead, J.J.:

[Pinilla] The president of the Council of State tonight stated, upon commenting on the suspension of the U.S. visa for President Ernesto Samper, that Colombia must consequently withdraw its diplomatic mission from that country and the U.S. mission must also leave Colombia.

[Begin Daniel Suarez Fernandez, president of the Council of State, recording] Because I don't understand how, by taking the visa away from our president, it can still be understood that the U.S. diplomatic representation can stay here and that the Colombian diplomatic mission accredited to the U.S. Government can also remain there. [end recording]

[Pinilla] Pay attention: A decision from the Council of State tonight may call off the strike at Telecom [National Enterprise for Telecommunications]. The Council suspended the provision that allowed, beginning in 1997, dividing that state-owned industrial and commercial enterprise.

[Announcer] Thank you, J.J.

Colombia: Survey Says U.S. Act Aimed at Samper, Not Nation

PA1207015796 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 12 Jul 96

[From the "24 Hours Newscast"; monitored from live relay by Lima Sistema Unido de Retransmision Television — passages within quotation marks recorded]

[FBIS Translated Text] [Announcer] The U.S. State Department's communique made it clear that the goal was to punish Colombian President Ernesto Samper, but not Colombians. During a survey, we asked people if the U.S. decision constituted a punishment against the Colombian people or against President Samper.

[Reporter] During the survey conducted by the National Advisory Center for the "24 Hours Newscast," Colombians were asked if the U.S. Government's decision to cancel President Samper's visa constitutes a punishment against the Colombian people or a personal punishment against President Samper. Of those polled, 39 percent believe that the U.S. decision is a punishment for the Colombian people.

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[Unidentified speaker] "It is rather against the Colombian people."

[Unidentified speaker] "It is a punishment against the Colombian people, who do not deserve it."

[Reporter] However, most of the people, that is, 51 percent, believe this decision is a direct, personal punishment against Samper:

[Unidentified speaker] "It seems like a personal punishment against the president."

[Unidentified speaker] "It is a personal punishment against the president. Why should it be against everybody?"

[Unidentified speaker] "A personal punishment against the president."

[Reporter] The survey shows that 10 percent of those polled gave a different response. This was true.

[Unidentified speaker] "This is childish. What is wrong with those people, huh?"

[Reporter] This is the survey's record sheet.

Colombia: Ex-President Rejects Expelling U.S. Ambassador

PA1207020096 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 12 Jul 96

[Report by Patricia Parada; from the "24 Hours Newscast"; all passages within quotation marks recorded]

[FBIS Translated Text] Former presidents and former foreign ministers have expressed their concern over the revocation of the visa to President Samper, but they called for diplomatic calm.

Former President Alfonso Lopez Michelsen considered that the cancellation of President Samper's visa must not result in Ambassador Frechette being declared persona non grata.

[Lopez Michelsen] "I believe that the government would further complicate the situation by implicating this personal situation to the general situation with the United States."

For former President Julio Cesar Turbay Ayala, the decision is extremely serious.

[Turbay Ayala] "This really creates a situation that we must explain and that the government must explain, using prudence in such a serious case."

While some former foreign ministers have said that the decision represents a show of U.S. pressure, for others it does not mean anything.

[Former Foreign Minister Noemi Sanin de Rubio] "All Colombians will now be seen as if we were all drug traffickers. This may prompt some politicians, which is very serious, to promote a narconationalistic sentiment."

[Former Foreign Minister Luis Fernando Jaramillo] "I believe that it is evident this requires a strong, serious effort. This requires a true and sound commitment from the international community to end drug trafficking."

[Former Foreign Minister Diego Uribe] "This is a petty effort aimed at bothering Colombia, which is irrelevant."

Colombia: Legislators React to Suspension of Samper's Visa

PA1207021996 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 12 Jul 96

[Report by Jorge Enrique Botero; from the "24 Hours Newscast"]

[FBIS Translated Text] For congressmen, the U.S. decision to revoke President Samper's visa will only unleash nationalism and place us in a similar situation to that of Cuba.

The news of the cancellation of President Samper's U.S. visa was received without surprise, but with evident concern among legislators. For most legislators, the U.S. decision was unfortunate.

[Begin recording] [Senate President Julio Cesar Guerra Tulena] They are announcing that they will blockade us, just like that. And I am going to repeat now why Castro has remained so many years in power: For that reason.

[Senator Hector Eli Rojas] It is worrying that the U.S. big stick policy places us together with guerrillas and drug traffickers, yelling again: Yankee, go home! [end recording]

However, others feel that it is not up to the country or Colombians to shout anti-U.S. slogans.

[Begin Congressman Francisco Canossa recording] This is simply a persecution against Mr. Samper and Mr. Samper is not Colombia. Colombia is much bigger, healthier, and much more important. [end recording]

Colombia: Defense, Justice Ministers Postpone U.S. Visit

PA1207031096 Madrid EFE in Spanish 0229 GMT 12 Jul 96

[FBIS Translated Excerpt] Santa Fe de Bogota, 11 Jul (EFE) — The ministers of defense and justice of Colombia, Juan Carlos Esguerra and Carlos Medellin, respectively, have postponed a scheduled trip to the

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United States next week, official sources today reported in Santa Fe de Bogota.

The announcement on the postponement of the trip by Esguerra and Medellin was made hours after it was reported President Samper's U.S. entry visa had been canceled.

Esguerra and Medellin wanted to "show U.S. authorities the latest results in the anti-drug trafficking struggle."

The minister of defense had stated that "he was going to show the way in which the military forces and police are waging the struggle against drug trafficking."

The two ministers had planned to meet with U.S. Attorney General Janet Reno and the U.S. drug czar Barry McCaffrey. [passage omitted]

Colombia: Business Groups Predict U.S. Economic Sanctions

PA1207031196 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 12 Jul 96

[Report by Fanny Estela Pallares; from the "24 Hours Newscast"; monitored from live relay by Lima Sistema Unido de Retransmision Television — passages within quotation marks recorded]

[FBIS Translated Text] [Announcer] The cancellation of Colombian President Ernesto Samper's visa has produced an immediate boost of the dollar by approximately nine pesos. Although the stock markets remained stable, the business associations have warned about the consequences of this decision.

[Pallares] According to the business associations, the U.S. decision to cancel President Samper's visa is not only regrettable, but also constitutes a warning that economic sanctions are on their way.

[Sabas Pretelt, president of the National Federation of Businessmen] "This seriously harms Colombia's international image and that of Colombians. This also constitutes an obstacle to our trade relations with other countries that we do business with."

[Colombian Construction Board President Alberto Vasquez] "Canceling the visa of a head of state has an exceedingly enormous impact at the international level."

[Pallares] Economic analysts have stated that this is a worrisome indication that will result in serious consequences for the national economy.

[Analyst Javier Fernandez] "It would be very serious because it would harm the structure of the economy."

[Pedro Nel Ospina, researcher at the Foundation for Higher Education and Development] "This worsens even more the already deteriorating atmosphere prevailing in the economy in terms of its perspectives."

[Pallares] Government officials have expressed their solidarity with President Samper, and they have described this decision as unfair.

[Finance Minister Jose Antonio Ocampo] "I truly regret that the United States has taken measures that I do not believe are justified."

[Banking Superintendent Maria Luisa Chiappe] "The Colombian president has my solidarity, which I will express to him."

Colombia: Serpa Says De La Calle Communique 'Wishy-Washy'

PA1207034396 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0302 GMT 12 Jul 96

[Report by Gilbert Vega]

[FBIS Translated Text] Santa Fe de Bogota — Interior Minister Horacio Serpa Uribe tonight expressed his profound disappointment over the statement issued by Vice President Humberto de la Calle Lombana regarding the suspension of the U.S. visa to President Ernesto Samper Pizano. The minister asserted that the statement by Vice President Humberto de la Calle Lombana does not establish a clear stand before the U.S. Government. He used a very clear term: wishy-washy.

[Begin Serpa recording] [words indistinct] like all my expressions, because I feel that way, because I love my fatherland dearly, because I believe that the acts of hostility against the interests of my fellow countrymen are being carried out. There is no clear definition in the statement of the ambassador to Spain and vice president of the republic. I believe that those of us who hold public office must call things by their right names. That is why I say this declaration is wishy-washy. [end recording]

Mr. Serpa Uribe invited all Colombians to fly the Colombian flag and to defend Colombian sovereignty. He stated that no confrontation is desired. On the contrary, he remarked, at this time all Colombians must support President Ernesto Samper Pizano.

Colombia: De Greiff Urges 'Non Grata' for U.S. Envoy

PA1207050796 Mexico City NOTIMEX in Spanish 0434 GMT 12 Jul 96

[FBIS Translated Excerpt] Santa Fe de Bogota, 11 Jul (NOTIMEX) — Former Colombian Prosecutor General Gustavo de Greiff asked today for U.S. Ambassador Myles Frechette to be declared "persona non grata"

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after the U.S. Government canceled President Ernesto Samper's visa.

In statements made over the telephone from Mexico City to the CM& television newscast, De Greiff accused Prechette of being the person directly responsible for the cancellation of Samper's visa.

The current Colombian ambassador to Mexico said in strong terms that in the Washington Government there are "some officials who are liars and who act like assassins."

De Greiff said the refusal to allow President Samper to enter the United States was "motivated by the absurd advice of its ambassador to Colombia."

"I believe it is part of the big stick policy, which a distinguished president like (Franklin Delano) Roosevelt would have never adopted," he said. [passage omitted]

In his dialogue with CM&, De Greiff did not rule out the cancellation of more visas of prominent Colombians and considered that "the attempt to use the big stick policy is to place this South American country in the same situation as Cuba."

When asked about the attitude Colombia must assume in the face of the decision by Washington, he affirmed that "it must be a response that prevents a person considered persona non grata for Colombia to remain in the country," in clear reference to Ambassador Prechette.

He asked the United States "to stop acting like a bully, to respect countries; it must remember all the blood and struggle waged to achieve civilized principles of international law, such as respect for the sovereignty and nonintervention in the internal affairs of other countries."

The cancellation of the visa to Samper has prompted all sorts of reactions in Colombia. Analysts have stated that, once more, it has been demonstrated that the country is divided between those who support the president and those who insist he must immediately leave office."

Columbia: Article on U.S. Extradition Request

PA0607232896 Santa Fe de Bogota EL TIEMPO in Spanish 3 Jul 96

[Article by D'Artagnan — received via Internet]

[FBIS Translated Text] What will happen in the next few days and weeks will be both important and sensitive following the memorandum sent by U.S. Ambassador Myles Prechette and the determination of the United States to meddle in our internal affairs openly and barefacedly no matter what ...at least until the gringo presidential elections are held, until which a mere five months remain. This means five months of a permanent and complete destabilization await us.

In view of such an alternative, Samper's solutions are very traumatic. Let's see.

Even though this country was a staunch enemy of extradition during the apparently forgotten narcoterrorism days, voices in favor of extradition have begun to be heard such as that of the deputy prosecutor general and now that of the prosecutor general.

The fact is that nothing has hit us as explosively as the book of Gabriel Garcia Marquez called, News of a Kidnapping, which talks about what is going on here. This book is, above all, an unequivocal and categorical demonstration of everything Pablo Escobar had done and undone to prevent the extradition of nationals, including himself, to the United States through every possible means.

That is what Gabriel Garcia Marquez stated in his book. Escobar not only resorted to the kidnapping — with constant death threats — of three distinguished journalists, but even to the bribery of members of the Constituent Assembly to get them to prohibit extradition in the new Constitution. Even though Garcia Marquez stated in his book that it was the work of a single individual, included as a paramilitary group member on the lists of the 19 April Movement, former President Misael Pastrana replied saying that the videocassette scandal was one of greater magnitude and much more embarrassing. Pastrana said that it was what morally forced him to resign from the Constituent Assembly.

The truth is, then, that the great majority of the country opposed extradition, and in the Constituent Assembly a large majority of assembly members voted in favor of banning it. Why did they do it? Some out of ideological conviction and others because they were frightened. Others voted against extradition because they were bribed, according to Pastrana. Only 13 members voted yes (meaning, in favor of the extradition, which, strangely enough, some columnists who used to oppose the application of this instrument are now saying it can be revised). Of the 13, five voted with great character and voiced their views out loud, obviously risking all kinds of dangers and threats. They were Maria Mercedes Carranza, Ivan Marulanda, Antonio Galan, Carlos Lemos Simmonds, and Gustavo Zafra Roldan. Five courageous individuals [berracos] at a time in which being in favor of extradition was difficult; not like today when a dead Escobar and the Rodriguez brothers behind bars make everything easier.

The fact is that Samper is once again (how many other times?) between a rock and a hard place.

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His critics are becoming "pro-extradition" and are playing along with the United States, not so much out of principle but because they are anti-Samper. He is an indirect victim of the measures — very successful by the way — adopted at the beginning of the previous government, which implemented a sentence reduction system by means of confessions, incrimination, turning over of property, study, work, pre-trial sentences, and so on.

The Ochoas availed themselves of the measures, and that is why, in keeping with the so-called reduction of sentences, they are about to be released from prison today. Many do not like this. As the lawyer of Jorge and Juan David Ochoa says, according to CAMBIO 16 magazine: "If Janet Reno does not like to see the Ochoa brothers released, she must put in prison the minister who drafted the law and the president who signed it," instead of carrying out a personal retaliations against the current government because of this case.

Samper is, therefore, not going to extradite anyone, because, for better or for worse, it was stipulated that way in the new Constitution. Could this lead to his overthrow? That remains to be seen. As things are now, that is one of the options. The gringos could have him killed their own way, which is perfectly possible, or he could end up cornered or blockaded like Allende, seeking refuge at the palace, facing a situation of force. Unfortunately, it is a scenario that cannot be ruled out.

The other alternative for the future is the one EL TIEMPO's director mentioned in the final paragraph of its editorial yesterday:

"As for the dilemma that is presented, he said, a solidarity front is necessary to negotiate conditions and to avoid the huge damage to the country, which is already producing wounds that are difficult to heal."

In my opinion (and after the editor recalls the days of the nice U.S. ambassadors and after pointing out that "other hardline ambassadors are emerging under the Clinton administration, who are intervening to the point of being barefaced" as is in fact occurring now) we do not have to read between the lines too much to realize — after reading that paragraph — that a word to the wise is enough...

The interesting thing about this, in view of the dimensions of the crisis, is to know what Vice President Humberto de la Calle, who is a member of this government and who came to Santa Fe de Bogota to commemorate the fifth anniversary of the 1991 Constitution, has to say about such a mess. The truth is that in the event Samper decides to resign "by accepting certain conditions," no matter how much he may feel shored up in power because of the clumsy handling of the problem by the gringos, the vice president has recently stated in no uncertain terms that he is an enemy of extradition as long as it is stipulated in the Constitution.

Therefore, regardless of whether Samper is in power or not, how are we going to legally follow the orders of individuals, who cannot be underestimated but who are considered quite sinister, such as Reno, Gelbard, Prechette, and the others, including Clinton himself, if such an extradition request — which is fully supported by the Prosecutor General's Office — is an anticipation of a declaration of war by the United States against the Colombian Government?

Colombia: Samper Views Acquittal, Venezuelan Ties

PA1007235896 Caracas EL UNIVERSAL in Spanish 6 Jul 96 pp 1-7

[Interview with President Ernesto Samper by Roberto Giusti at Narino Palace in Santa Fe de Bogota; date not given; passages within slantlines published in boldface]

[FBIS Translated Text] **In the midst of the storm, Samper has a smiling face. With all the allegations, the parliament's acquittal has given him respite, and some adversaries already seem resigned to the idea of his concluding his mandate. Some of them, only because others remain belligerent. While the Prosecutor General's Office starts conducting new investigations into the president, he is preparing himself for the reprimand that will come from the north in the form of economic sanctions and international isolation. However, Samper does not remain impassive and this week, he opened the 31st Santa Fe de Bogota International Fair, in which 30 countries, including the United States, are participating. In addition, he is preparing a commercial offensive in Europe, and a formal proposal, which must be seriously irritating [levantar ronchas] Havana, has already been made: Russia has pledged to fill the gap the United States has left in Colombia.**

In a small, mahogany-paneled room at Narino Palace with a view of the fountain, Samper envelops some of his conventional responses into witty improvisations, and his distinguished disposition does not match the image of a man who is stirring up Colombians' nationalistic sentiments.

[Giusti] The parliament's acquittal has failed to put an end to the battle you have had to wage since Case 8000 started. Your adversaries, both domestic and foreign, seem to have gotten together with the same objective of making you leave Narino Palace. For

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instance, Prosecutor General Valdivieso pointed to the need to restore extradition to meet the demand the U.S. Government has made.

[Samper] The Colombian Constitution currently forbids the extradition of Colombian nationals to the United States, and even though there is a valid extradition treaty between the two nations, there is no law allowing the Colombian president to legally sign any order to extradite Colombian nationals. The Constitutional Court president himself has warned that if I signed an extradition order, given the current legal conditions, he himself would be in charge of prosecuting me for failing to comply with the Constitution.

[Giusti] If you have pointed to the need to promote constitutional reforms, why not include the extradition issue?

[Samper] I have said that the extradition issue is not included in the government agenda, because, regarding legal changes, the issues of increasing prison sentences, stepping up prison security, and confiscating drug traffickers' assets constitute the top priorities. For the time being and in the short term, we believe that this is the most effective strategy. Now, this does not mean that the government opposes readdressing the extradition issue, which was addressed for 10 years until 1991, when the National Constituent Assembly finally made the decision to forbid it.

[Giusti] But, why not include the extradition issue in the reforms?

[Samper] Because it is not included in the government agenda, because it is a simple issue of priorities.

[Giusti] The U.S. Government has set a deadline, 30 September, and has set a number of conditions, which were summarized in a 20-point agenda. Congress must approve it to prevent economic sanctions against Colombia. Compliance with these measures would seemingly let you end your term without more complications. Are you willing to give in in light of these proposals, or do you consider them to be some sort of unacceptable pressure?

[Samper] The truth is that I have not been notified of any deadline or conditions. The 20-point agenda is not true either; it is the result of a fabrication by a magazine. The Colombian Government has only one agenda, which I drafted in February, listing the goals of the fight against drug trafficking for 1996, and we are satisfactorily following it. If there were any deadline, the Constitution itself would have set it. In addition, it sets the conditions for the parliament to approve the corresponding bills.

[Giusti] Will Congress be able to approve these measures prior to 30 September?

[Samper] Congress has until 20 September to do so. If it approves them before then, wonderful; if not, we cannot ignore the procedures and guidelines stipulated by the Constitution and Congress statutes.

[Giusti] U.S. Ambassador Myles Frechette has warned that the Cali Cartel keeps operating from prison, and, for him, the fact that its leaders are behind bars does not prove that you are innocent.

[Samper] This is an assessment of which I have not been officially notified, but the government is willing to consider all evidence and proof on the case. We ourselves have set controls in prisons and maximum security wings to prevent the Cali Cartel from operating from prison. We are certainly very interested in preventing this from continuing to happen.

[Giusti] In light of the economic sanctions Washington is announcing, do you think that it is honorable to subject the Colombian people to the sacrifices that will come after 30 September? Would it not be...

[Samper] This is not a question for me, but for those who are going to impose the commercial sanctions against a country that has paid such a high cost, in terms of lives and goods, for the fight against drug trafficking. All this will benefit only drug cartels, which will take over production when the sanctions are implemented. This is how they are going to try to grow coca where a hectare of flowers, bananas, or coffee is currently being grown.

[Giusti] Is Colombia not getting involved in a process of international isolation? Is it not running the risk of becoming a second Cuba?

[Samper] This is what Colombia's enemies are aiming for, but they will not succeed, because, on the contrary, in the last few months, the country has received the solidarity of many allied nations. They have understood the efforts made in the fight against drug trafficking, are aware of the difficulties inherent in this task, and know that the highest cost must not be paid by Colombia only, but by the international community, which, to a certain extent, is promoting drug trafficking by consuming drugs.

[Giusti] Who are Colombia's enemies?

[Samper] All those people who are currently trying to trigger more difficulties for the country with this situation.

[Giusti] The U.S. Government?

[Samper] No, I will not give details.

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[Giusti] Why has all this pressure been exerted on you if your government was the one that definitely did away with the Medellin Cartel and reduced the Cali Cartel to its minimum expression?

[Samper] I believe you are going to have to interview the U.S. Government, because I cannot answer for it.

[Giusti] How do you view the Whitewater and Filegate cases? Does President Clinton have the moral authority to exert all this pressure on you?

[Samper] I view them as I want the process to which I was subjected in my own country to be viewed. The natural judge of the president of the Republic prosecuted me, and it did it in an absolutely honest fashion, because I waived the confidentiality of proceedings to which I was entitled. I was entitled to being privately prosecuted; it was my constitutional prerogative. This is how a domestic judge rendered the ruling. Then, I perceive the case in which President Clinton is involved as I want my case to be perceived; that is, with respect for all American judges, prosecutors, laws, and all guarantees the process must have to render a fair ruling.

[Giusti] Has President Clinton respected all legal proceedings? Have evidence and documents not been hidden or manipulated?

[Samper] So far, I have no evidence to confirm or deny this.

[Giusti] Should President Clinton resign?

[Samper] Roberto, ask President Clinton.

[Giusti] Do you not fear a U.S. invasion?

[Samper] I leave the invasion for the movies.

[Giusti] The prosecutor general said that the investigations did not end with your acquittal, and now it is being said that the Prosecutor General's Office has the depositions of a pilot, Luis Fernando Farfan, who claims to have been aware of your relationship with Elizabeth Montoya (the wily blond) and her husband, Jesus Sarria.

[Samper] This is part of the same slandering garbage that has been recycled in the past year. There is absolutely nothing new in it. The Chamber of Representatives examined, considered, and rendered a decision on these events.

[Giusti] So you did not use the plane belonging to the Sarrias during the election campaign?

[Samper] Absolutely false. I did not receive any money, and I did not know the man who is mentioned. Those allegations have been played out as part of this whole process, which has consisted of throwing slanderous remarks up in the air to see if any of them land on target. Fortunately, that has not happened.

[Giusti] Is Prosecutor General Alfonso Valdivieso being used by the U.S. Government?

[Samper] I would not dare call it that. The only indication of that — and this has not been confirmed or denied — would be the publishing of an evidently suggestive memorandum, which the U.S. ambassador wrote to Washington. It read something to that effect and included other assertions. It received a lot of exposure here.

[Giusti] Although it is obvious that the Colombian people did not raise their voices in opposition to your acquittal, it is also true that the economy is going through hard times. One cannot help but sense that the hard times were brought about because the business interests of drug traffickers were strangled, and society as a whole has suffered as a result. Do you think that the Colombian people could not care less whether you had connections or not with drug traffickers?

[Samper] On the contrary, they care a lot. The Colombian people know perfectly well that for over 15 years this society, in one way or another, has coexisted, through actions or omissions, with drug money. This chapter is not yet closed, and I am the first person anxiously waiting to find those people who are really and solely responsible for what could have made the financing of my campaign irregular. That is why the investigations, as the prosecutor has stated, must continue, and I support his work, which is aimed at getting at the real truth. The Colombian people know perfectly well that the theory could have held water in connection with my campaign or with other campaigns and activities. But they are also totally convinced that I am an honest person, that I was first made a victim and then acted as the executioner of drug traffickers. In that regard, the Colombian people have a president who is capable of leading them out of a crisis that was not caused by my campaign, but was caused by a social process that had been incubating for many years.

[Giusti] But does the economic crisis not stem from all of the incidents associated with the so-called Case 8,000?

[Samper] The economic crisis has nothing to do with the political crisis. Throughout all of Latin America and Venezuela, there are no exceptions. Even though Colombia is, fortunately, overcoming its economic woes, we knew that 1996 would not be a good year for anyone. Despite it all, the Colombian economy will grow 4 percent. If we compare our figures with

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those of neighboring partners, we are in an enviable position.

[Giusti] Especially if we consider a marked slowdown in the economy's strength, which drug trafficking activities used to provide.

[Samper] That is an ethical cost that we must pay if we consider that we probably had between $1.5 billion and $2 billion a year in drug trafficking money exerting an influence over certain activities such as real estate in certain cities, the business of buying and selling land, tourism, and soccer. So it is obvious, then, that the fight being waged by my administration will, in a way, end up neutralizing the sources of irregular financing for these activities.

[Giusti] The U.S. Government has announced its decision to cancel the visa of Gustavo de Greiff, Colombian ambassador to Mexico and former prosecutor general. Are you afraid that this might also happen to you?

[Samper] I guarantee you that I am not losing sleep over that. The only visa that I need to govern Colombia was given to me during the elections.

[Giusti] Would they cancel your wife's visa?

[Samper] She is an American citizen.

[Giusti] According to Plinio Apuleyo Mendoza, who until recently served as your ambassador to Italy, patronage and populism, with your support (Samper's) and the support of "dark groups," will not only try to keep your administration afloat but will also try to prolong it with a successor of their liking.

[Samper] I have read that opinion before in a very funny book that he co-wrote with other authors called "The Manual for the Perfect Latin American Idiot" [El Manual del Perfecto Idiota Latinoamericano], which is also full of foolishness.

[Giusti] Less than a year ago, you told me: "I leave this post either dead or with my head held high on 7 August 1998 at 1510 hours."

[Samper] I have been dearly charged for uttering this phrase.

[Giusti] But, do you still believe it?

[Samper] I believe I will leave alive.

[Giusti] Do you think you will end your term?

[Samper] Obviously, yes. When the Chamber rendered its ruling and after making a conscientious analysis of the alternatives I had — leaving my post, forcefully remaining at it, or holding early elections, with which the country would seemingly disagree — I made the decision to stay with an agenda of national reconciliation. What would you know, this agenda has been gaining some support. The polls I just received show that the agenda's degree of acceptance is very high and that the government's degree of credibility has increased following the ruling. I believe that the conditions for a reconciliation have been given. We are a country with so many conflicts, we give the impression that we are moving at 250 km per hour and that we stop to reach consensus 1 meter before we fall off a cliff. This country has lived with conflicts and consensus.

[Giusti] Why does Colombia not want Venezuela to join Mercosur [Common Market of the South]?

[Samper] My God, who said this? On the contrary, what we agreed this week in Caracas is to join Mercosur together. I have said that Colombia and Venezuela must not break off a relationship that has yielded so many good results to play with Mexico in the G-3 [Group of Three], to play with the Caribbean, and to organize the Andean Group. What does not seem right to me is to break off this alliance and leave behind the Andean Group, which continues to be a good stage for Colombia and Venezuela to understand one another.

[Giusti] Do you not believe that President Caldera has done what he could to downplay the Andean Group?

[Samper] I do not think so. On the contrary, Venezuela's attitude in Trujillo (Peru) was very favorable.

[Giusti] Caldera has chosen a distant neighbor, Brazil, instead of Colombia.

[Samper] Colombia and Venezuela share a natural inclination toward the Amazon region. In fact, we share Brazil's longest border in the Amazon region. I do not conceive that economic integrations are a puzzle in which countries must be put together like pieces. These integrations must come from a soul, a spirit.

[Giusti] Which does not seem to currently exist between the two countries.

[Samper] On the contrary, the spirit of the Colombian-Venezuelan integration is the Bolivarian spirit. The Amazon region is the spirit of the integration with Brazil, and the Caribbean, with Mexico. We have to put some soul into the integration. Neoliberals believe that it is the sum of customs tariffs, and I believe that if it does not have a soul, it does not work.

[Giusti] Would your visit put some soul in the relations between Colombia and Venezuela?

[Samper] Invite me, and I will again ride the Metro. I have indelible memories of the affection Venezuelans

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showed me, and I share a girlfriend with President Caldera: social policies. This is what opening up a path in Latin America is.

[Giusti] Two populist governments together.

[Samper] Two social governments together.

Colombia: Ex-Samper Aide Osorio To Face Questioning

96SM0429A Santa Fe de Bogota SEMANA in Spanish 9 Jul 96

[Received via Internet]

[FBIS Translated Text] SEMANA summarizes the various points on which Colonel German Osorio, ex-aide to the Presidency of the Republic, will have to give a clear explanation to the Prosecutor General's Office within the next few days.

As of the close of this edition, Police Colonel German Osorio Sepulveda had packed his bags in Rome, Italy, and was preparing to return to Colombia. No rose garden is awaiting the controversial official. He will have to explain to the Prosecutor General's Office a series of indications that have appeared during the course of the investigation of the murder of Elizabeth Montoya de Sarria, the famous "charming blonde," and the financing of the 1994 presidential campaign. Nearly five months after his hasty departure abroad, Osorio will have to deal with the increasing rumors (now reinforced by intelligence reports from certain security agencies) regarding the possibility that a conspiracy may be under way threatening his life. Following are the main issues on which the colonel will have to shed sufficient light if he wants to acquit himself well in this difficult test. We shall have to wait until his responses are disclosed to learn the fate in store for the ex-aide to the Presidency of the Republic.

Strange Visit

Police Colonel German Osorio Sepulveda will have to explain to the Prosecutor General's Office his reason for being at the Andy Ross jewelry shop on 31 January of this year, making inquiries regarding the whereabouts of Elizabeth Montoya de Sarria, who was murdered the following day. The Prosecutor General's Office obtained this information through the jewelry shop's owner, Ana Ross, who made a sworn statement last week to the investigators responsible for solving the murder of the famous "charming blonde."

Expanded Statement by Medina

When Santiago Medina made an unsworn statement for the first time before the faceless prosecutors, he claimed that Osorio was the link between Elizabeth Montoya and candidate Ernesto Samper. Last week, nearly a year after making this assertion, Medina cooperated again with the Prosecutor General's Office, and for nine hours provided further information on Osorio and the investigation of the "charming blonde." According to Medina, the official was the person who acted as messenger for the transfer from the Atlantic Coast to Bogota of $500,000 in cash sent to the presidential campaign by the La Guajira political leader, Samuel Santa Lopesierra, better known as "the Marlboro man," and Erick Manzur, one of the largest cigarette smugglers in Latin America and the Caribbean. The ex-treasurer of the Samper campaign added that this half a million dollars never entered the campaign accounts.

Dangerous Relations

Luis Fernando Farfan, an ex-pilot in Jesus Sarria's service, who decided to cooperate with the justice system, also has contributed much information on the relations between Colonel Osorio and the Sarrias. In his first four sworn statements, Farfan claimed that the police official had been the Sarrias' public relations agent. He added that, at social gatherings, Elizabeth Montoya and Jesus Sarria boasted of having managed to put Osorio in the presidential palace because they needed him as "liaison with President Samper." The witness maintained that the Sarrias "were acting as vindicators of the other high-ranking Cali Cartel chiefs, and were using the official for that purpose." SEMANA established the fact that Farfan made a fifth statement to the faceless prosecutors, in which he gave details on the Sarrias' relationship with Osorio.

By Cellular Phone

In the statement that he made to the Prosecutor General's Office on 24 November 1995, the official claimed that the last time he had spoken with Jesus Sarria Agredo was in September, two months earlier, when the latter called him to Narino House to ask him how the situation stood. However, the investigators discovered that, in fact, Osorio had talked with Sarria a week before making his statement to the faceless prosecutors. According to the Prosecutor General's Office, Osorio did not tell the whole truth because, in the course of the investigation of Elizabeth Montoya de Sarria's death, it was discovered that, between 17 November and 11 December of last year, five calls from Jesus Sarria, holder of cellular phone number 932169288 were received at the official's cellular phone number 933324710.

Maybe Yes, But Maybe No

Another one of Osorio's possible contradictions pertains to his relationship with the Sarria family. In his state-

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ment to the Prosecutor General's Office in November of last year, the official claimed to have known Elizabeth Montoya, like many other people in the campaign, but indicated that no friendship could be said to exist between them: "We were never at dinners or meetings." However, after Elizabeth Montoya's death, in February of this year, Osorio changed his story. In a statement to the news media he remarked: "She was a very home-loving lady, very attentive to her children. I never saw her outside her home." The investigators are hoping that the ex-aide will explain his true relationship with the "charming blonde," because they may have found evidence proving a very close relationship between the two.

Visits to Ortiz

Another possible inconsistency that Osorio might have committed is related to his statement of 24 November 1995, when he told the Prosecutor General's Office that he had never made any arrangements to obtain funds or donations for Ernesto Samper's presidential campaign. Nevertheless, it was called to the attention of the Prosecutor General's Office that, in an interview granted to the magazine CAMBIO 16, the presumed drug trafficker, Guillermo Ortiz, who collaborated with the presidential campaign in the central part of the country, claimed to have known Osorio, because he was Samper's security chief: "He asked me for help in obtaining gas for the cars, and I gave it. Yes, he visited my office often to drink coffee. He used to say that the campaign was difficult."

'Charming Blonde' at the Inauguration

The secret witness of the Prosecutor General's Office described in detail Elizabeth Montoya de Sarria's attendance at Ernesto Samper's inauguration on 7 August 1994. He corroborated the fact that Montoya had been one of the special guests at the Narino House ceremony. According to his statement, Elizabeth Montoya met on that day in a palace office with Major German Osorio, then the president's security chief. Also present during that conversation, among others, was the person who is now a witness for the Prosecutor General's Office. At the conclusion of the ceremony, Major Osorio ordered that the woman be driven to her residence in an official car.

Direct Line

The investigation of the telephone communications between Jesus Sarria, Elizabeth Montoya, their bodyguards, Jorge Enrique Jaimes and Dario Quiroz, and Colonel Osorio, has shown that they were constant. After inspecting the receipts for the cellular phone bills of these five persons, the investigators discovered that, between November 1995 and the end of January of this year, over 50 calls were made between the Sarrias, their bodyguards, and Colonel Osorio.

Colombia: New Foreign Minister on Improving U.S. Ties

PA1107190196 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 11 Jul 96

[Telephone interview with Maria Emma Mejia Velez, newly appointed foreign relations minister, by News Director Dario Arizmendi and reporters Javier Ayala and Judith Sarmiento in Santa Fe de Bogota — live]

[FBIS Translated Excerpt] [Ayala] Four women are now part of the cabinet of President Ernesto Samper Pizano. As far as I can remember, this is the first time in Colombian history that women have a such an outstanding and noticeable participation in the government. Former President Belisario Betancur believed that it was necessary to appoint many women to the cabinet; however, he appointed female deputy ministers, not female ministers. So, this is a great opportunity women have to distinguish themselves in a cabinet in which women stand out. Indeed, we have the agriculture minister, the health minister, the foreign minister, and Education Minister Olga Duque de Ospina.

[Arizmendi] Doctor Maria Emma Mejia, congratulations and good morning.

[Mejia] Good morning, Dario, and thanks to you and all your team.

[Arizmendi] In your opinion, what is the meaning of being a foreign minister at your age and after having been a presidential adviser for Medellin during the administration of Cesar Gaviria, ambassador to Spain, and education minister for the past year?

[Mejia] It certainly is a major challenge, but I believe it is very positive. I am very aware of everything that being the foreign minister represents for all Colombians: everything we feel, everything we want to show to the world, all the difficulties we have experienced, and certainly the injustice of having only one image abroad. One would like to try to change it and do something to have a bearing on the improvement of our relations, our trade, our integration, and certainly the drug trafficking issue, which affects us all.

[Arizmendi] Ms. Minister, when do you take office and when do you hand the Education Ministry over to Dr. Ospina?

[Mejia] We will take office next week, and I trust I will be able to immediately hand my post to the new

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education minister. I believe this ministry is one of the most significant posts for Colombia.

[Arizmendi] Tell me the truth: (?Are you sorry) to leave the Education Ministry?

[Mejia] The truth is that it has been a post in which major changes were made during the year I was about to mark there — I did not spent 12 months in it. I believe that the idea of finishing... [pauses] thinking that Colombians' education lies in politics [sentence as heard]. I think that the idea of reaching a rapprochement and a moral [word indistinct] with the teachers union for 14 months was decisive for the changes in the sector: the policy of textbooks, the delivery of supplies to the country's rural and peasant areas, and the contacts with those boys and girls who will be our future. I say that one is now trying to show this abroad.

[Arizmendi] Minister, did you fear, were you afraid of accepting the Foreign Ministry when President Samper offered it to you?

[Mejia] Of course; I believe that it is a challenge. It is perhaps one of the most critical, difficult times Colombian democracy has experienced. This certainly scares anyone, but we will accept the challenge and trust that we will be able to regain the confidence we lost with teams and [words indistinct] we will experience.

[Arizmendi] What do you hope for the relations with the United States, which is perhaps the most critical front Colombia currently faces as part of its foreign policy?

[Mejia] I believe that we certainly have to somehow recover our image. The foreign minister talks too much about the reduced opportunities we have left. I am aware of the huge difficulties through which our relations are going; they will not be resolved overnight. However, I believe that we could start making some progress with mutual respect and trust by seeking cooperation on a subject that adversely affects not only the United States and Colombia, but also the entire international community: drug trafficking. We have to face this issue with determination in order to achieve more cooperation between our two countries.

[Arizmendi] What instructions did you receive from President Samper?

[Mejia] I believe that yesterday we, along with Foreign Minister Rodrigo Pardo and the president, discussed a little bit our priorities; the United States; the European agenda, which is very significant for us because of its commercial integration and because it is our country's second largest economic partner; and the human rights issue. We also discussed Venezuela and such other issues as the 35 years the Nonaligned Movement will mark, 35 years that will be marked within the UN framework in September. In short, we reviewed the good and difficult issues our Foreign Ministry could handle in the next period. I believe we have a clear determination for Colombia [words indistinct] and we will truly overcome and surmount this critical period.

[Arizmendi] You somehow are taking over the ministry with a thorn in your side, because U.S. ambassador to Colombia Myles Frechette yesterday said that the relations between Colombia and the United States will continue to be complicated as long as there are no extraditions and that the relations between the two nations will improve only by letting up on the extradition issue.

[Mejia] Well, I believe that this is a significant issue. President Samper himself has said it and has shown a certain [word indistinct]. I believe that the discussions have already started. We certainly have to instill a great deal of weight and significance to the drug trafficking bills the president announced he will forward to Congress starting on 20 July.

Obviously, this is one of the points that Ambassador Frechette has described as critical. Drug trafficking is one of the problems on which the two countries have to cooperate and work together the most. Of course, this is not the only important aspect of our relations with the United States, a country friendly to Colombia. As education minister, I [words indistinct] in favor of the majority of Colombians, and of the large colony of residents there. I think cooperation and the recovery of this confidence will make it possible for us to overcome, sooner rather than later, a crisis that, I repeat, [words indistinct].

[Arizmendi] Mrs. Minister, what is the nature of your personal relationship with Mr. Frechette?

[Mejia] The relationship that a cabinet minister normally has with any ambassador, of course. I have met him socially and through cultural activities. I visited the U.S. Embassy and looked at an exhibit of the work of Colombian painters. Of course, to a very small extent. However, I hope to call him today and meet, as soon as I assume the office as foreign minister, with the Venezuelan ambassador and European Union ambassadors, whose countries are our commercial and political partners, as well as very close to our country from a cultural viewpoint.

[Ayala] Are you trying to soften the relations with the U.S. Government?

[Mejia] [Words indistinct] Of course, there should be a rapprochement, a civil language, an effort to restore

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damaged diplomatic ties, and normalizing [institutionalizar] our relations with the United States. All this is part of an important process. Also, we should show what we are doing and observe closely everything related to cooperation, particularly drug trafficking, which is central to us, the United States, and the international community. We have to work seriously and in agreement, but based on respect and trust.

[Sarmiento] Mrs. Minister, do you think your sex appeal [previous two words in English], which Colombians admire very much, can be of great help in your handling of sensitive diplomatic matters?

[Mejia] I think a woman's friendly face always helps but, once a beyond the first impression, a woman must demonstrate what is inside her. [Words indistinct] what our country is, the very hard struggle we have fought, and the certainty that this government desires to create a good image. All Colombians are jointly trying to improve this relationship. In this matter, having the edge does not necessarily have to do with being a woman but having a message that all Colombians want to convey. [Words indistinct] serious and important. And we will continue to do so of course without ignoring the difficult stage of our relations with the United States [words indistinct].

[Sarmiento] Mrs. Minister, the fact that a woman will now handle Colombia's foreign relations has been commented on very much here in the United States. What does this mean for Colombian women? What should we think?

[Mejia] I think this is a impetus. As Dario said earlier, for the first time in history there are four women in the cabinet. I think there should be five of us. This is significant because it projects an image of the professionalism and competitiveness of Colombian workers and professionals. From the educational sector, I have realized that the prestige and competitiveness of Colombian women is recognized in Latin America. I am the second woman in this ministry. I wish we can pave the way for many others who come after us.

[Sarmiento] Your position as foreign minister involves a very active life and a large number of trips abroad. We, of course, also have a question on motherhood. How will you handle your double life as mother and minister during such trips?

[Mejia] In this field, we do have many [words indistinct]. It will be difficult, because the Education Ministry requires trips throughout Colombia. In these trips, I could always take him along. I expect him to understand later that from now on, I will have a little less time to spend with him as happens to working mothers. Nevertheless, whatever little time we have will be very, very productive.

[Passage omitted] [Arizmendi] You always appear as a very elegant, [word indistinct], formal and well dressed woman. Do you have a sense of humor?

[Mejia] Yes, [words indistinct]. Sometimes, the stress of one's profession and the country's current difficulties do not leave much room for a sense of humor. However, I believe I do have a sense of humor and currently, this is part of being a Colombian.

[Ayala] [Words indistinct] are you happy this morning?

[Mejia] I am truly pleased about my performance as education minister. I am also very enthusiastic about my new position and I believe we will accomplish many things. [passage omitted]

[Sarmiento] Has it ever bothered you to have people imitate you or at times, have people imitate you and put words into your mouth?

[Mejia] Certainly not. I believe we need to humanize and popularize persons who are appointed to public office. I believe this draws these persons closer to the people and helps them identify themselves with the people. I believe Colombians are champions at this: Our sense of humor and ability to communicate with the people. [Words indistinct]. [passage omitted]

[Arizmendi] What language do you speak better: English, French or Italian?

[Mejia] Definitely English. I had the opportunity to work in [words indistinct] in England [words indistinct].

[Arizmendi] We are quite pleased about your appointment. Congratulations and much success to you and Colombia.

Colombia: Authorities To Seize Over 190 Cali Cartel Assets

PA1107135496 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1200 GMT 10 Jul 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Santa Fe de Bogota — One of the largest judicial operations is being carried out by the Prosecutor General's Office, the National Police, and the Army against the main Cali cartel leaders. The authorities' report indicates that, in compliance with a judicial order, they will continue to confiscate, raid, and seize more than 190 assets owned by persons involved in drug trafficking activities.

In an operation that will be carried out in one week, special units will assume control of hotels, farms,

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houses, buildings, and various enterprises registered in the name of Gilberto and Miguel Rodriguez Orejuela, Jesus Amado Sarria, the late Elizabeth Montoya de Sarria, and other persons used as fronts.

According to a judicial spokesman, the authorities will confiscate nearly 100 assets in Cali, two in Santa Fe de Bogota, one building in Yumbo, Valle del Cauca Department, and five assets in Palmira, totaling 101 assets. The firms that will be seized by the state's security organizations include Hara Investments, La Loma Farming Enterprise, Maquilon Investments, Hercules Security Company, Export Cafe, and Camino Real Investments. The value of the assets, company shares, and others might total 1 billion pesos.

Meanwhile, the Sarria Montoya couple's financial structure will suffer one of the harshest blows, because the authorities will seize 89 of its assets located in Santa Fe de Bogota, Cali, and San Andres, including the Mar Azul Hotel and the Morgan Housing Complex built by architect Juan Carlos Gaviria Trujillo.

Colombia: Samper Addresses Nation on Corruption

PA1107230796 Santa Fe de Bogota Radio Network in Spanish 0101 GMT 9 Jul 96

[Weekly address to the nation by President Ernesto Samper in Santa Fe de Bogota on 8 July; broadcast in progress — live or recorded]

[FBIS Translated Text] ...The problem with corruption is that everyone talks about it but no one dares fight it. I, of course, am not referring to the big cases and suits against specific people that are given generous space in the news by the media. No, I am referring to the daily cases of corruption.

These are the day-to-day corrupt practices that assail honest citizens and pilfer part of their wages by charging under-the-table commissions to expedite requests to move ahead in line or to process a request for a public service. I am also referring to the damned practice of using connections [palancas]. In Colombia, we even need connections to get connections; connections that are used to open doors dishonestly.

We have done many things to combat corruption. We have eliminated more than 250 procedures that Colombians viewed as a real nightmare. For example: the authentication of original documents, the technical and mechanical inspection of vehicles, the renewal of passes and passports that are valid for 10 years, the creation of single payment stations, and the simplification of all payments to the public sector.

We have to be alert to make sure that those procedures, like weeds, do not reappear. The employees who maintains or reinstates a procedure will be investigated for bad conduct and could be fired or even sent to jail. I invite all of you to report worthless procedures to the Presidential Anti-Corruption Advisory Board [Consejeria para la Transparencia de la Presidencia de la Republica] through the free open line we have installed for this purpose.

We are also acting against institutional corruption. Using the authority given to the government in 1995 decrees, during the past two years, I have signed the termination papers for discretionary and service reasons of approximately 4,000 officers and policemen who were involved in cases of corruption or inefficiency. This has served to cleanse the institution.

Indeed, in past opinion polls — hear this well — the police, who previously appeared as the second most discredited organization in the country, obtained a 67 percent favorable image rating among the citizens.

We have not stopped there. We have identified offices where administrative corruption is critical. As of this same week and with the cooperation of their officials, we are going to subject those offices to an intensive anti-corruption operation. I am referring to the Social Security Institution, Customs, and the National Prison and Penitentiary Institute, Inpec. With the help of government oversight and control organizations, the Presidency of the Republic will intervene in those organizations to remove the corrupt employees; to teach, together with the employees, new codes of conduct; and to corroborate, together with you, the citizens, that the corrections are being thoroughly implemented.

We are not going to allow a few unscrupulous and crooked people to tarnish the good name of their working companions. As in the case of the police, my hand will not tremble to sign the orders for the moral execution of corrupt officials.

To increase our efforts in this struggle, I will install the National Moralization Commission [Comision Nacional Para la Moralizacion] next week. This commission was created by the new anti-corruption statute.

I invite mayors and governors to follow the national example in their departments and municipalities. I invite them to eliminate excessive local procedures. I invite them to issue codes of conduct for their offices. I also invite them to practice administrative surgery wherever they detect points of corruption. However, I especially want to invite all the citizens to cooperate by submitting their reports and charges. Let no one say that corruption has nothing to do with him. We all pay for corruption, and we must all join our efforts to combat it.

Good evening.

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Colombia: Workers Strike Over Telecom Privatization

PA1107230396 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 11 Jul 96

[From the "24 Hours" newscast; monitored live from a relay by Lima Sistema Unido de Retransmision]

[FBIS Translated Text] [Announcer Paula Jaramillo] Very few workers on 10 July supported the Telecom [National Enterprise for Telecommunications] employees on strike who staged demonstrations over the privatization of the second largest Colombian enterprise.

[Reporter Patricia Parada] Even though the telecommunications privatization policies were not clearly explained during the meeting held by government representatives and the Telecom workers union, the strike started on the morning of 10 July at 0700 hours with the burning of the U.S. flag and the minimal participation of company workers.

[Begin Eberto Lopez, National Union of Telecom Workers president, recording] If no agreements are reached with this recently created commission, workers will declare an indefinite strike soon. [end recording]

[Parada] The commitment to not interrupting telecommunications services is being honored for the time being; however, in such cities as Pereira and Barranquilla, there were problems with certain technicians and telephone operators that were resolved with the Contingency Plan Telecom managers drafted.

[Begin Telecom President Julio Molano recording] I still believe in the wisdom, intelligence, and maturity of most Telecom workers and union leaders who disagree with these pressure tactics when there is a chance to hold talks. [end recording]

[Parada] However, the Commission will meet again on 11 July, and if the privatization process is not halted, Telecom workers will go on indefinite strike, which will mean that the country will be left completely without communications and that the 1992 crisis will repeat itself.

[Jaramillo] Telecom workers staged demonstrations in most cities, and the public was not allowed to enter Telecom installations in other cities.

[Reporter Hernan Freire] In Cali, signs and Telecom workers have blocked the two main access doors to the Telecom building. Even though regional directors affirmed that telecommunications services would be normal, the truth is that users are not being attended. The police and Army are guarding Telecom's main office in Valle del Cauca.

[Reporter Vidal Humberto Abreo] Approximately 140 employees in Bucaramanga and 600 more throughout the department have joined the movement that staged a march on the morning of 10 July and later stayed in front of the installations of the government enterprise.

[Reporter Gerardo Alvarado] On 10 July, 80 percent of Telecom workers in Huila joined, through demonstrations, the 24-hour national strike that has limited certain domestic and international telephone and telegraph services.

Colombia: Privatization Increased To Finance Development

PA1107154496 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 10 Jul 96

[From the "National Newscast"; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] The Colombian Government is seeking to obtain more than 2.5 billion pesos to finance its development program. For this reason, today it decided to open new opportunities for foreign investment. More state enterprises will be sold, and the privatization surge will be boosted. This decision has caused alarm among various sectors.

[Begin recording] [Senator Juan Camilo Restrepo] In my opinion, three golden rules should be followed in the privatization process: implement a crystal clear process to prevent corruption; give opportunities to cooperative and solidarist sectors to avoid the formation of new monopolies; and third, do not privatize hastily.

[Planning Assistant Director Arturo Jose Garcia] On the contrary, I believe that corruption occurs more often when there are excessively discretionary frameworks. This does not occur when everybody is given the opportunity to participate. [end recording]

Colombia: Legislator Slightly Burned From Bomb Attack

PA1107144996 Madrid EFE in Spanish 1905 GMT 10 Jul 96

[FBIS Translated Text] Barranquilla (Colombia), 10 Jul (EFE) — Political sources from the northern city of Barranquilla disclosed that Jorge Gerlein, president of the Legislative Assembly of Colombia's Atlantico Department, suffered minor burns when he opened a "book bomb" that was sent to his office.

The bomb was inside a thick book that was wrapped into a package whose alleged sender was Deputy Tarquino Pacheco.

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Gerlein, who is Conservative Senator Roberto Gerlein's brother, told reporters that he had not suspected a bomb in the package because a fellow politician had sent it.

Pacheco is a member of the Investigation and Accusations Committee of the Chamber of Representatives that investigated Colombian President Ernesto Samper's conduct during the "narcoscandal" and that finally acquitted him last 12 June.

In his statements to local radio stations, Pacheco rejected the fact that his name had been used in a terrorist attack.

"This is an extremely annoying surprise for me," this politician said, stating that his acquaintances know that he does not resort to violent actions.

Ecuador

Ecuador: Bucaram on Planned Trip to U.S., Economic Posts

PY1207025196 Quito Voz de Los Andes in Spanish 2300 GMT 11 Jul 96

[FBIS Translated Text] Ecuadoran President-elect Abdala Bucaram has announced that three bankers and his current assistants will hold important economic posts in his administration.

Filanbanco President Roberto Isaias will head the economic front with an organization attached to the Presidency which we will create, Bucaram explained. Isaias will be continuously in contact with myself, and will be the advisor in the economic aspect in this organization we are going to create, the president-elect added.

Litoral Bank President Alvaro Noboa, who is considered a representative of one of the most important economic powers of the country, will be charged with the Presidency of the Monetary Board, and will replace conservative Ana Lucia Armijos.

The third post announced today by Bucaram is that of president of the National Financial Corporation, which will be chaired by David Goldbaum, current chairman of the board of the Territorial Bank.

These three bankers are members of the commission to which Bucaram charged with making a diagnosis of the country's economic situation, to prepare the economic program, to suggest candidates for the possible officials of the area, and to establish clear rules for the development of national and foreign investment.

On 29 July the president-elect will travel to the United States for a three-day visit, during which he intends to meet with bankers and investors. Deputy Jose Salem, deputy-elect for the Ecuadoran Roldosist Party, and advisor of the president-elect, has reported that Bucaram will meet with bankers and politicians to explain to the U.S. market his government plan.

There are some 30 bankers waiting to meet with Bucaram, Salem said, and added that the Europeans will probably also join this process of interest for the future economic policy of the next Ecuadoran president. Salem added that the meeting will be held not to calm anyone but to show his government's intentions through the United States to the great world investors.

He said that Bucaram's administration will have to promote laws so that foreign financing will remain in the country to give advantages to foreign investments. He said that to receive one must first give.

Salem added that bankers Roberto Isaias and Alvaro Novoa, who are advising Bucaram in his economic program, and his campaign chief Alfredo Adum will accompany the president-elect on his trip to the United States.

Ecuador: Deputy Foreign Minister on Peace Process

PY1107222196 Buenos Aires CLARIN in Spanish 11 Jul 96 p 35

[Interview with Deputy Foreign Minister Marcelo Fernandez de Cordoba by correspondent Alejandra Pataro in Quito; date not given; passages between slantlines published in boldface]

[FBIS Translated Text] Quito — Ecuadorans firmly believe that Peru does not want to achieve a definitive peace. As the saying goes here: "It is like having a neighbor who could knock on your door every day. Ecuador has to settle for this possibility."

Ecuadoran Deputy Foreign Minister Marcelo Fernandez de Cordoba prefers not to be as categorical, noting that "Ecuador has always expressed good faith for actually overcoming this problem." He did not mention Peru's stance.

Nevertheless, Fernandez de Cordoba explained to CLARIN one of the most serious disagreements that exist between the two countries, which would support the concept that Peru does not want to definitively solve the border conflict that dragged the two states into an undeclared war between January and February 1995.

The Ecuadoran deputy foreign minister explained: "As the Rio de Janeiro Agreement (on the delimitation of the conflictive zone in the Condor Mt. range) cannot be implemented because it disagrees with the geographic reality, the two sides notice that a bilateral agreement on this impasse will not be achieved."

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in this regard, Ecuador proposed soliciting the peace guarantor countries (Argentina, Brazil, the United States, and Chile) to pass judgment on this issue. If this judgment is not accepted by anyone of the two sides, "Ecuador proposes submitting this issue to an eminent person so that this person will pass a definitive and binding judgment," said Fernandez de Cordoba, ruling out the possibility of Pope John Paul II becoming involved in this issue.

Peru proposes consulting the guarantor countries. The two sides might or might not accept the proposal raised by the guarantor countries. Fernandez de Cordoba noted: "The Peruvian proposal goes this far. The problem is that, if one of the sides says nay, we will not achieve a final solution."

Good Faith

Fernandez de Cordoba emphasized: "Ecuador has expressed good faith and willingness to actually achieve a solution to this problem by adding an additional payment that will be binding for the two sides, regardless of the outcome."

Among so many stumbling blocks that are affecting the negotiations process, this issue will be reviewed this month by the Ecuadoran and Peruvian representatives in two meetings, one in Lima and another one in Brazilia.

The drawing up of a bilateral mechanism that will help the two nations to make honest arms purchases will be resumed during the Lima meeting.

The purchase of war materiel during the conflict generated yet more tension between the two countries and still represents a very irritating issue when sitting down at a negotiating table.

Peru's alleged arms purchase "has seriously worried us," the Ecuadoran deputy foreign minister said. He emphasized: "It is obvious. These reports were not released in Ecuador, but in Peru." Fernandez de Cordoba flatly refused to discuss Argentina's illegal arms sales to Ecuador during the war.

[Pataro] Do you believe the Peruvian newspapers are against solving the conflict?

[Fernandez de Cordoba] The Peruvian newspapers have been involved in various journalistic campaigns: one in December and another one in February. We have just gone through another journalistic campaign. These journalistic campaigns are not contributing at all to this process, as they are based on inaccurate reports. As an evidence, all the accusations that have been leveled against us have been gradually disowned.

[Pataro] What is exactly their goal?

[Fernandez de Cordoba] It is hard to tell in advance, but it is regrettable, as they cause concern to the inhabitants of the two countries and, at a given time, might tarnish the process. Despite these problems, the process has successfully been pursued so far.

Ecuador: Agenda for Transition of Power Announced

PY1207031896 Madrid EFE in Spanish 0146 GMT 12 Jul 96

[FBIS Translated Text] Quito, 11 Jul (EFE) — Ecuadoran President-elect Abdala Bucaram will have a tight agenda to become acquainted with the national situation between 15 July and 10 August, when President Sixto Duran-Ballen will hand power over to him.

On 15 July, the president and his successor will hold an informative meeting with members of the National Security Council which is in charge, among other aspects, of the peace negotiation with Peru.

Government Minister Javier Ledesma said: "During the meetings of the National Security Council and the protocol swearing-in ceremony, he will be given all the classified information."

On 17 July, members of the new administration will meet with members of the Economic Front of the current administration, while on 19 July another meeting will be held with members of the Foreign Front, when it is believed that current Foreign Minister Galo Leoro might be asked to remain in his post.

On 22 July, the Armed Forces Joint Command will brief the president-elect on actions carried out, while another meeting with the Social Front is scheduled to be held on 24 July, and another meeting with the Political Front on 26 July.

The Unicameral Congress session will be held on 7 August when outgoing President Duran-Ballen will present the final report of his administration, and 10 August will be the date for the transfer of power in Ecuador.

Ecuador: Armed Forces To Respect Bucaram's Victory

PY1107145996 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1514 GMT 10 Jul 96

[FBIS Translated Excerpt] Quito, 10 Jul (AFP-NA) — National Defense Minister General Alfonso Alarcon, retired, stated today that the Ecuadoran Armed Forces will respect the victory of populist Abdala Bucaram at the polls on 7 July for a term of office lasting from August 1996 to August 2000.

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During a news conference, the defense minister stated: "We respect the will of the Ecuadoran people and will act as guarantors of democracy. Moreover, it goes without saying that the Armed Forces will earnestly support the new administration so our democratic process may move ahead steadily."

Alarcon observed: "The maturity and decision of the Ecuadoran people are most noteworthy and we are on their side." The minister stated: "We identify with the people in the search for the better days into which the new dignitaries must lead us."

Commenting on the territorial dispute with Peru, which both countries are trying to settle peacefully through diplomatic negotiations, the minister argued that this subject constitutes a state policy rather than a government policy.

Alarcon added: "This is the opinion of the president elect. I believe he will continue with the peace process."

He said Bucaram should "assess the issue (the peace process) and perhaps keep a good part of the current military command." [passage omitted]

Ecuador: Bank Intervention Normalizes Financial System

PY1207025296 Madrid EFE in Spanish 2316 GMT 10 Jul 96

[FBIS Translated Text] Quito, 10 Jul (EFE) — The Central Bank (BC) intervention in the unstable Ecuadoran financial market has prompted a relative normalization of the system, after the election on 7 July of populist Abdala Bucaram as new Ecuadoran president.

BC Manager Augusto de la Torre said on 9 July that the BC this week purchased foreign currency to give some liquidity to the system. "It purchased some millions of dollars and we managed to reduce the interbank interest rate by 10 additional points, to the point of reaching a floor of 50 percent and a ceiling of 65 percent.

After a violent electoral campaign for the Ecuadoran presidential elections on 7 July — in which Bucaram defeated rightist Jaime Nebot — the market reacted nervously to this result, but it was gradually controlled.

In remarks to Radio Quito, De la Torre said that "yesterday and today were positive and good days in the monetary market and in the exchange market, especially because the expectations and a degree of tension which began on 8 July were fully reversed.

He added that the tension has disrupted the system early on Monday, 8 July, but that by midday, the trends began to change and "the exchange type dropped and allowed us to drop the interbank interest rate a little."

On 9 July the type of exchange continued dropping and we dropped 10 additional points in the interbank interest rate, and on Wednesday we followed the same trend to the point of reaching a floor of 45 percent and a ceiling of 50 percent.

Shortly after the beginning of activities on 8 July the exchange rate increased to 3,250 sucres per dollar and the interbank interest rate to 90 percent, and thus what was achieved until 10 July "has been a very important drop," he said.

De la Torre added: "The trend is very good, to the extent that the news released generate confidence and stability in the rules of the game and an adequate environment for investment. I think we have great hope, and that I must say with great satisfaction."

Ecuador: Administration Said To Honor Debt Obligations

PY1207021196 Quito Voz de Los Andes in Spanish 1700 GMT 11 Jul 96

[FBIS Translated Text] The next administration headed by President-elect Abdala Bucaram has announced it will honor foreign debt obligations and any other commitment contracted by the Ecuadoran state. Addressing foreign journalists in Guayaquil, David Golbaum, one of Bucaram's close advisers, said: I can ascertain that there is a payment due on 26 August and that it will be made.

Goldbaum is a member of the threesome of bankers and businessmen, comprising Roberto Isaias and Alvaro Noboa, entrusted with making an assessment of the national economic situation and of submitting economic proposals.

Goldbaum said: You can be certain that we will meet all international commitments signed by the government. We will honor all commitments that have been contracted by the state.

As for the Ecuadoran foreign debt he said: It is not a question of renegotiating it because we are perfectly aware that the papers are on the market and not in the hands of the creditor banks. Nevertheless, we will submit to the president different proposals and it will be up to him to make the proper decision.

Goldbaum added: Our country cannot continue allotting 42 percent of its budget to pay the foreign debt. Something must be done to reduce the foreign debt. Right now we are not able to specify how this will be done because we still need to obtain more facts from government officials.

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The three Bucaram advisers met with Central Bank President Luis Augusto De La Torre; Monetary Board Chairman Ana Lucia Armijos; Finance Minister Ivan Andrade; and Bank Superintendent (Mauro Intriago). During the closed-door meeting, the officials allegedly discussed details regarding government economic affairs.

Goldbaum said: Whenever the study on the economic situation is ready — which we believe will be in about two weeks — we will submit the proposals to the president-elect who will be then able to make a decision. Goldbaum warned, however: Any proposal will be in line with an strict fiscal discipline as was requested by Bucaram.

He also asserted that those policies that the new administration plans to implement will be approved by international financial organizations. Goldbaum said: There will be no drastic economic readjustments. We will have none of that.

In addition, Goldbaum said that the next administration has no predilections about where the foreign investment comes from. He said: There is no predilection over any specific capital. What we want to prevent is the investment of narcodollars. Any investor who wants to invest may do so.

Paraguay

Paraguay: FM Announces Visit by Cuban Counterpart

PY1207003596 Asuncion ABC COLOR in Spanish 11 Jul 96 p 19

[FBIS Translated Excerpt] In a telephone call from Seoul, Korea Paraguayan Foreign Minister Ruben Dario Melgarejo Lanzoni confirmed on 10 July that Cuban Foreign Minister Roberto Robaina will officially visit Paraguay in early August. The date has not yet been established.

Robaina, 40, will visit our country for the second time. His first visit on 14-16 April 1994 was not an official one. On that occasion Robaina told the journalists that his visit to Paraguay was twofold: 1) to become acquainted with Mercosur [Common Market of the South] operations and Paraguayan reality; and 2) to explain the Cuban ordeal as a consequence of the U.S. blockade. He also was the bearer of an invitation issued to Paraguayan entrepreneurs to invest in the Caribbean island governed by Fidel Castro.

In April 1994 the Cuban foreign minister also noted that his goal involved paving the way for enhancing the ties between Cuba and Paraguay. [passage omitted]

Paraguay: Wasmosy Ends Visit to ROK; Loan Granted

PY1107213896 Asuncion NOTICIAS in Spanish 11 Jul 96 p 19

[FBIS Translated Excerpt] As a result of the visit by Paraguayan President Juan Carlos Wasmosy, the ROK now has a quite different picture of Paraguay — with respect to the opinion it had before — and of the advantages that Mercosur [Common Market of the South] can offer through our country. The Paraguayan Government obtained a $20 million loan that will be used for a cellular phone project in the Chaco. Other agreements were also concluded, like the one for construction of a Training Center for vehicle technicians. [passage omitted]

According to ROK entrepreneurs, the most outstanding result of the three-day visit, which ended on 10 July, is that it provided a broader scope of what was previously only a vague idea. [passage omitted]

The ROK Government granted a $20 million loan to our country. The loan will be used for a cellular telephone service project in remote areas, like Alto Paraguay and Chaco, including a communication line covering the areas served by microwave phone services. [passage omitted]

Peru

Peru: U.S. Military Support Withdrawal Seen as 'Pressure'

PY1107213596 Lima EXPRESO in Spanish 9 Jul 96 p A4

[FBIS Translated Excerpt] An evaluation of the announced withdrawal of the U.S. logistical support given to the Ecuador-Peru Military Observers Mission (MOMEP) was reportedly the main issue in the first day of the meeting held by the MOMEP Consultative Council, which began a two-day meeting in Lima on 8 July.

The meeting that began at 0930 and ended at 1400 was surrounded by secrecy but a communique may be released this afternoon giving the conclusions reached by the military representatives of Ecuador and Peru, and of the guarantor countries: the United States, Brazil, Argentina, and Chile. [passage omitted]

It is being speculated in official circles that the eventual U.S. withdrawal could be interpreted as a sort of pressure by the United States on Ecuador and Peru to solve their conflict and conclude the demarcation of their common border.

The eventual cut of the U.S. logistical support to MOMEP, which covers the demilitarized zone of the

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bilateral border line, would represent the withdrawal of 60 people and transportation equipment, especially helicopters, which would affect the vigilance work of the MOMEP. [passage omitted]

Peru: MOMEP To Propose Partial Reduction of U.S. Support

PY1207004596 Lima EL COMERCIO in Spanish 10 Jul 96 p A4

[FBIS Translated Text] The withdrawal of only 24 men of the United States' 57 men participating in the Ecuador-Peru Military Observers Mission, MOMEP, which is operating in the demilitarized zone of the Peruvian-Ecuadoran border, and the reduction of one U.S. helicopter of the four that provide logistical support will be proposed to the guarantor countries of the Rio de Janeiro Protocol, which will meet later this month in Brasilia.

The proposal will be made by the MOMEP, which is made up of officers of the United States, Brazil, Chile, and Argentina.

After a two-day meeting, the members of the MOMEP Consultative Council, the officers of those countries, in addition to the officers of Ecuador and Peru, were only able to agree on a proposal in general terms because the United States has not yet made an official decision or given details on what the reduction will be.

But in view of the announcements made by the U.S. diplomats accredited in Peru and Ecuador, MOMEP discussed several possibilities which do not commit the guarantors or the parties.

This means that the suggestion could be accepted or rejected by the United States or eventually by the other guarantors at the political level.

It was learned that Ecuador advocates that the United States maintain its logistical support intact while Peru reportedly has a more flexible position to consider that some personnel and equipment could be replaced with the offer of another guarantor country.

The Consultative Council also received the Chilean offer to provide help in accordance with its possibilities. An evaluation of the process since the latest meeting last month was also made and studies were drawn to improve the mission's regulations.

Regarding the MOMEP meeting that concluded in Lima on 9 July, Peruvian Armed Forces Joint Command Chairman General Nicolas Hermoza Rios said that ideas were given to find a solution to the support group that would be created as of September if the MOMEP activities are extended until December.

The MOMEP activities were extended only recently until 8 September and if necessary a decision will be made on that date to extend it again.

Gen. Hermoza said that on 8 September, the United States will probably announce the terms and quantities of the reduction of its logistical support.

After the Consultative Council meeting, Brazilian Ambassador Luis Coutinho Perez gave a luncheon to the MOMEP officers, which was also attended by Gen. Hermoza and Pablo Portugal, planning chief of the Peruvian Foreign Ministry.

The other officials who attended the luncheon are Ambassadors Alvin Adams of the United States, Carlos Martinez Sotomayor of Chile, Arturo Osorio of Argentina, and the Peruvian and Ecuadoran liaison officers, Gen. Daniel Mora Zevallos and Cesar Duran Abad, respectively.

A communique was released at night indicating that the next meeting of the MOMEP Consultative Council will be held on 12 and 13 August in Quito, Ecuador.

Peru: Article Views President Fujimori's Growing Isolation

PY1207005096 Lima EXPRESO in Spanish 5 Jul 96 p A2

[Article by Manuel D'Ornellas: "The Ivory Tower"]

[FBIS Translated Text] Peru's leading newspapers have published editorials about the cut in the number of shares in Telefonica of Peru [telephone company] local investors are allowed to hold. With one voice, they have all opposed, as never before, such measure.

All Peruvian commentators who have some standing in the community have voiced an opinion on this subject and have also disagreed with the government's decision.

All business unions have made their opinion heard through Confiep [National Confederation of Private Business], an umbrella organization, and have criticized the Fujimori administration arguing that foreign investors who want to buy shares in Telefonica of Peru — which are trading successfully on the New York Stock Exchange — stand to benefit the most from this measure.

All, or nearly all, leading bankers of our country who are involved in this issue have joined with reporters, newspapers, analysts, and businessmen in raising their voices against the government's measure and stated that the incumbent administration's stance on this subject has been most regrettable at best. Yet, if one takes into account the figures which were released yesterday, the

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Fujimori administration does not listen to any of these voices. Against all the odds, the present administration is pushing ahead the plan to reduce the quota allotted to domestic shareholders, which EXPRESO newspaper terms on the front page of today's edition a citizens' "nonparticipation" process.

What has happened to the incumbent administration, which used to be attentive to popular opinion, so much so that a criticism [former Economy and Finance Minister] Carlos Bolona had of the head of state before leaving the cabinet was his obsession with public opinion polls? Has the administration gone to the opposite extreme leaving aside its excessive concern about keeping its finger on the pulse in order to shut itself up in an impregnable ivory tower?

President Alberto Fujimori lives — like nearly all Peruvian heads of state and their inner circle after being in office for some years — increasingly isolated. The chief executive and his aides only listen to each other and to those who lend an ear to them.

In this case in point, they have listened to those who convinced them of the fact that it was more important to pull off a great coup in the eyes of foreign investors and financial advisers than to please Peruvian investors and thus open the door to popular capitalism.

Peru: Judicial Coordination Council Installed

PY1207002196 Lima EL COMERCIO in Spanish 4 Jul 96 p A10

[FBIS Translated Text] In an almost private ceremony at the Peruvian Supreme Court, the Judicial Coordination Council was installed yesterday. It was chaired by Victor Raul Castillo.

The first action of that organization was to nominate former deputy Justice Minister Miriam Schennone Ordinola as its executive secretary, who was sworn in by its president.

The Coordination Council also comprises Carlos Montoya Angerry, chairman of the National Council for Magistrates, and Attorney General Nelida Colan Maguino.

Victor Raul Castillo said: "The profile of the judicial branch is quite different now that the judicial community progressively understands the significance of efforts toward an institutional reform."

Castillo added that Law 26623, which created the Judicial Coordination Council, states that its task is established "without detriment to the independence and autonomy of each organization it comprises," that is, the judicial branch, the prosecutor's office, the National Council for Magistrates, and organizations like the Inpe [National Prisons Institute] and the Peruvian National Police, which are related to those matters.

In remarks to reporters after assuming the Executive Secretariat of the National Coordination Council, Miriam Schennone promised to support the modernization of those organizations, especially within the judicial branch, where she promised to resolve problems facing prisoners.

Concerning possible objections by some Supreme Court judges to the rule that authorizes the functioning of the Judicial Coordination Council, the new executive secretary said: "Anything can be improved. Any contribution by the judges will be important."

The installation ceremony of the Judicial Coordination Council, scheduled initially for noon, began two hours earlier. The reasons for holding it earlier and for limiting the access to the ceremony were not explained.

Later, at the scheduled time for the installation, a group of lawyers staged several demonstrations within the Supreme Court.

Peru: Moralization Campaign Seen as 'Smokescreen'

PY1207022696 Lima LA REPUBLICA in Spanish 3 Jul 96 p 6

[Article by Mirko Lauer: "Much Ado About Nothing (When the Problem Lies Elsewhere)"]

[FBIS Translated Text] The Inabif [National Family Welfare Institute] affair seems to be an impeccable case of investigation into and sanction against administrative corruption. Nevertheless, the treatment being accorded to [former Inabif Director] Ana Kanashiro contrasts sharply with other examples of government officials who have been charged with corruption. Even if Kanashiro is guilty, it is obvious that her case is just a smokescreen for hiding and postponing making a decision on more important scandals.

The most flagrant scandal is the one involving Popular y Porvenir, and Reaseguradora Peruana, two insurance companies. What is really scandalous here is that no government agency wants to delve into this case — and either refuse to do so or put them off till Doomsday. To top it all, some media have opted to blatantly ignore them.

This is a consequential case not only because of the amount of money involved in overvalued insurance premiums but also because of the closeness of those implicated in this affair to the president of the Republic and his family. Therefore, something which under

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normal circumstances would hit the headlines at all times, has merely attracted the attention in Peru by fits and starts.

This week, SI magazine states that this maze stems from a miscalculation made by [Minister of the Presidency] Jaime Yoshiyama, who might have leaked the information to the press in the understanding that it was affecting Santiago Fujimori [the president's brother]. Nevertheless, it seems that Yoshiyama must have incurred somebody's wrath since the very persons on whom he squealed "ended up by being very close to the head of state."

SI further states: "In a quick move, [Yoshiyama] devolved to his image consultant the task of righting this wrong. The image consultant, who reportedly was the one who unveiled the alleged irregularities committed by Popular y Porvenir by submitting to some media the appropriate documentation, also took on the task of pouring oil on troubled waters."

If this is so, Yoshiyama's image consultant has not been much successful in his endeavor as even if the important media which opened fire at this subject have fallen back, curiosity still persists and is being fanned by the way Augusto Miyagusuku [no further identified] is being implicitly protected by a tangle of postponements, advertisements, and concurrent scandals like that involving the Inabif.

The upshot of it all is that the explanations about the deals made by both insurance companies have not gone deep enough and there is seemingly no inquiry being held into the leads revealed to the press. The Office of the Comptroller General, which has acted with so much alacrity in other cases, has looked the other way; and so has the Bank and Insurance Superintendency.

Perhaps demanding that government officials undertake an investigation of the president's inner circle by working on all cylinders is a Utopian ideal. Still this reluctance shows the limited, when not misleading, characteristic of the moralizing initiatives currently under way and clearly indicates that there is no democratic institutionality or rule of law in Peru.

Kanashiro insists on the fact that she is no a thief. This may be true. What is really certain is that the crimes imputed to her are not commensurate with the magnitude the press have given to them and this lack of correspondence benefits the former Inabif director. Meanwhile, Yoshiyama's image-builder continues preparing Miyagusuku's defense.

Uruguay

Uruguay: Former President Lacalle Denies Violating Law

PY1107031596 Montevideo EL OBSERVADOR in Spanish 27 Jun 96 p 4

[FBIS Translated Excerpt] Former President Luis Alberto Lacalle said during a false [as published] television network hookup on 26 June that during his mandate he never violated the Constitution or the law. Lacalle said the National Party is being attacked by "a wave of slander and half truths." [passage omitted]

With respect to the reports on corruption involving members of his administration, Lacalle said: "We were the first ones to come out emphatically against any attitude that could be interpreted as being against our norms and the National Party's clean tradition." [passage omitted]

Then he repeated the oath he gave before a joint session of Congress when he was inaugurated: "I swear on my honor to defend the Republic's Constitution and laws. I hereby declare in front of all of you that I have not violated this oath," Lacalle said.

Venezuela

Venezuela: U.S. Cancellation of Samper's Visa Regretted

PA1207033396 Caracas Venezolana de Television Network in Spanish 0200 GMT 12 Jul 96

[FBIS Translated Text] Foreign Minister Miguel Burelli Rivas has regretted the U.S. Government decision to suspend the visa to Colombian President Ernesto Samper Pizano, who is accused of having ties with drug trafficking.

Foreign Minister Burelli Rivas said, obviously the refusal to grant a visa is an act of state sovereignty, and we could not pass judgment on it, but we can regret what has happened with the Colombian president because he is no ordinary citizen, but a head of state.

Venezuela: Burelli Rivas on Ties With Colombia, U.S.

PA1207014096 Caracas EL NACIONAL in Spanish 6 Jul 96 p D5

[Report by Ascension Reyes]

[FBIS Translated Text] Foreign Minister Miguel Angel Burelli Rivas has reiterated that Venezuela's position on joining Mercosur is that of integration with Colombia. He said: "The fact is that Venezuela and Colombia

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are, fundamentally, the Andean community, and we are above the $2.5 billion mark in trade."

The minister explained that Venezuela has never considered disassociating itself from its neighbor to join the Mercosur bloc. He noted: "Venezuela will open Mercosur's door to the five Andean community countries. The truth is that all the integrationist processes in the hemisphere must be synchronized by the year 2005 because this is what our commitment to creating a special free-trade zone means."

Burelli Rivas expressed his point of view on the problems that have emerged between Colombia and the United States. He regretted "this dispute, because we are interested in calm in Colombia and in harmonic relations throughout the hemisphere."

He said that a confrontation suits no one, and "this is why we want a return to understanding between those two countries." He is of the opinion that there will not be a break in relations between those two countries and hopes the situation will not get worse.

He explained: "Colombia is a sovereign country, our closest friend, and a historic sister. The United States is our friend, and we have to hope that the hemispheric family does not face situations of violence, not even verbal violence."

Venezuela: Banking Group Denies Ties to Money Laundering

PA1207001396 Caracas EL UNIVERSAL in Spanish 8 Jul 96 p 2-4

[Report by Pedro Garcia Otero]

[FBIS Translated Text] Caracas — The Venezuelan Banking Association (ABV) board members have denied any ties to the Cucuta exchange houses, in Colombia's Norte de Santander Department, which the police in that country closed yesterday, and financial institutions that operate in the country. The exchange houses in the border area were closed for their alleged involvement in laundering drug money with banks in Miami, New York, and Venezuela.

"We have no ties to exchange houses on the border between Venezuela and Colombia, and the banks that comprise the ABV have never received deposits from these exchange houses in bolivares," one of the ABV main directors and owner of one of the country's biggest financial institutions told EL UNIVERSAL.

The ABV spokesman, however, noted that funds from drug trafficking may have been received through less expeditious means, but never with the support and protection of the country's banks, and that the ABV checks unusually high amounts that persons and institutions lacking in respective financial solvency may have deposited.

In addition, Raymundo Kabchi, president of the Venezuelan Exchange Houses Association [Asociacion Venezolana de Casas de Cambio — AVCC], denied that any of its 17 affiliated exchange houses have any ties with similar institutions along the border, either on the Venezuelan or Colombian side.

The AVCC president noted that there is no kind of formal or informal association between Venezuelan and Colombian exchange houses, and that his association's 17 exchange houses do not have offices in any border state, since, on the contrary, they center their activities in tourist areas in the country's western area and Caracas. In addition, those exchange houses do not work with Colombian pesos, just hard currencies.

Venezuela: Joint Council With Colombia Discusses Trade

PA1207022096 Caracas Venezolana de Television Network in Spanish 1530 GMT 9 Jul 96

[FBIS Translated Text] During a meeting of the binational economic exchange council, Venezuela and Colombian authorities agreed to negotiate as a bloc vis-a-vis the Andean countries their entry into the southern market.

[Begin recording] [Reporter Fernando Porta] The binational Colombian-Venezuelan council gathered top business groups from the two countries. There were three points to be discussed: information exchange on economic policies; negotiations with third parties; and so-called specific issues.

Colombian Development Minister Rodrigo Marin Bernal strongly noted the stabilization of economic and financial sectors mentioned in the Venezuela Agenda is of vital importance for commercial exchange. Freddy Rojas Parra, Venezuelan development and foreign trade minister, agrees on that point.

[Bernal] Thanks to the skill with which President Rafael Caldera led the processes aimed at implementing the Venezuela Agenda to recover the lost macroeconomic balance, it is possible to observe the future of integration with justified optimism.

[Rojas] Commercial currents do not grow without participation by businessmen. Going from $400 million to $2.4 billion in four years is an evident, clear, unmistaken signal that there is a massive participation by the Colombian business sector and the Venezuelan business sector in creating new companies, promoting investment currents.

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[Porta] Colombian Bankers Association President Cesar Gonzalez concurs that the two countries' private bank sectors constitute the pillars of exchange and projects.

[Gonzalez] The Colombian financial system and the Venezuelan financial systems ultimately constitute the natural vehicles to implement commercial transactions between the two countries.

[Porta] The citizens of the two countries support initiatives of this sort.

[First unidentified speaker] This has to exist. It is impossible to work alone, since we are two very similar peoples.

[Second unidentified speaker] We must improve, and we must begin with what we have nearest to us.

[Porta] This successful binational council will meet again in six months. Regardless of the macroeconomic and microeconomic situation, judging by the views of top leaders and ministers of the two countries that the border problem has no influence or direct influence on the commercial relations between the two countries, one can conclude, just five years into the 21st century, that commercial relations between the two countries and economic policies are moving in one direction, while other policies move in another. [end recording]

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